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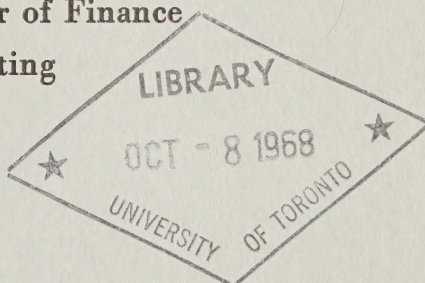
Tariff Board
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Report (by) of

THE TARIFF BOARD

in Reference[s]

Relative to the Investigation Ordered
by the Minister of Finance
respecting



**EQUIPMENT FOR HOSPITALS
AND OTHER INSTITUTIONS**

Reference No. 134



Report by
THE TARIFF BOARD

Relative to the Investigation Ordered
by the Minister of Finance
respecting



**EQUIPMENT FOR HOSPITALS
AND OTHER INSTITUTIONS**



Reference No. 134

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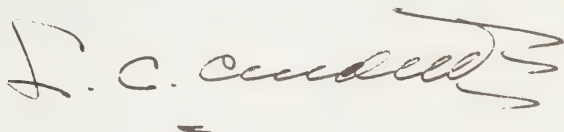
The Honourable E.J. Benson, P.C., M.P.
Minister of Finance
Ottawa

Dear Mr. Benson:

I refer to Mr. Gordon's letter of March 24, 1964, in which he requested the Tariff Board to conduct an inquiry respecting certain equipment and materials for use by hospitals, educational and religious institutions.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to equipment for hospitals and other institutions, in English and in French. A copy of the transcript of the proceedings at the public hearings accompanies the Report.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "L. C. Campbell", with a stylized flourish at the end.

Chairman

SYMBOLS

- Denotes zero or none reported
- .. Indicates that figures are not available
- * In statistical tables, indicates a reported figure which disappears on rounding, or is negligible
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes a Dominion Bureau of Statistics import or export statistical class
- (Vol., p. --) Denotes a volume and a page number from the transcript of proceedings at the public hearing unless the context clearly indicates some other source

The sum of the figures in a table may differ from the total, owing to rounding

Change of Tariff Item Numbers, by Customs Tariff Renumbering Order 1965-1, dated August 23, 1965

<u>Former</u> <u>Number</u>	<u>New</u> <u>Number</u>
462	46200-1
476a	47605-1
476b	47610-1
696(1)	69605-1
696(2)	69610-1

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Ottawa, March 24, 1964

Mr. L.C. Audette
Chairman
The Tariff Board
Ottawa.

Dear Mr. Audette:

As I indicated in my Budget Speech of March 16, I have received a number of representations respecting the special end-use items in the tariff which provide for the free entry of certain equipment and materials for use by hospitals, educational and religious institutions. It has been suggested, on the one hand, that the existing tariff items be broadened to cover a wider range of commodities and that duty free entry privileges be extended to additional groups and organizations, both non-profit and commercial, which do not currently enjoy such benefits.

On the other hand, it has been suggested that duty free entry under these items should be restricted to goods which cannot be supplied by Canadian producers.

It has also been suggested that the reference to "philosophical" instruments and apparatus in tariff items 462 and 696 is out of date and in need of review.

I, therefore, direct the Tariff Board to make a study and report under section 4(2) of the Tariff Board Act on items 476a, 476b and 696 in Schedule "A" of the Customs Tariff. The Board's study should include tariff item 462 in so far as it relates to philosophical instruments. The Board may also include in its study other items which it considers relevant to its enquiry.

If the Board's study should indicate that amendments to the Customs Tariff are desirable, I would request the Board to prepare a revised schedule of tariff items, with recommendations as to rates of duty.

Yours sincerely,

W.L. GORDON

Date of Public Hearing
and
List of Representations and Attendance

A public hearing before the Board was held at Ottawa for six days, commencing on September 20, 1965.

A list of persons, companies and agencies which made representations to the Board, or which registered attendance at the public hearing, together with the page number in this Report on which their representation is mentioned, is given in Appendix III.

INTRODUCTION

The Reference arises from representations made to the Minister concerning provisions for the free entry of certain goods for institutions or others pursuing objectives generally deemed to be particularly worthy. Some of the representations made both to the Minister and to the Board urged extension of this type of free entry and others urged restriction of it.

The letter of reference from the Minister, reproduced above, mentions specifically only tariff items 476a, 476b, 696 and 462 now renumbered to be respectively 47605-1, 47610-1, 69605-1 with 69610-1, and 46200-1. In addition, the letter of reference provides for inclusion by the Board of other items which it considers relevant to its enquiry.

To prevent misapprehension on the scope of the Reference, the Board, in its notice R-157 of January 18, 1965, outlined the scope of the Reference in the following terms:

"The Board will hear and consider representations made to it concerning special tariff status for goods where such representations:

- (1) Propose the addition of goods to tariff items upon the grounds that they are for religious, philosophical, educational, scientific, literary, artistic, cultural, charitable or philanthropic purposes, institutions, organizations or groups or for the benefit of afflicted or handicapped persons or for use in ministering to such persons;
- (2) Propose the exclusion of goods from tariff items, where they are accorded special tariff status for the purposes mentioned in paragraph (1), upon the grounds that they should not be accorded such special tariff status;
- (3) Propose the addition or exclusion of institutions, associations, organizations or groups or classes of persons, to or from those enjoying special status for the entry of goods for the purposes mentioned in paragraph (1);
- (4) Propose the continuation, deletion or establishment of any tariff item giving special tariff status to goods for the purposes mentioned in paragraph (1); or
- (5) Propose rates of Customs Duties, including free entry, for goods accorded special tariff status for the purposes mentioned in paragraph (1).

"Unless matters raised before the Board concern special tariff status for the purposes mentioned in paragraph (1), the Board will consider such matters to be beyond the scope of the Reference.

"Though the Board will hear representations, as set out in paragraph (2), for the exclusion of goods from tariff items, it will not hear representations nor engage in a study concerning the rates appropriate to the goods in issue if excluded from such tariff items. If the Board finds that the goods should not be accorded special tariff status for the purposes mentioned in paragraph (1), it would then recommend only that they be excluded from the tariff items; the goods would then be classified in the Customs Tariff wheresoever they would otherwise be classified.

"The Board will also hear and consider representations favouring or opposing the use of the Customs Tariff to give relief or assistance for the purposes mentioned in paragraph (1).

"The Board will further hear and consider representations concerning the use of the word "philosophical" in tariff item 462 and 696 as applied to apparatus, utensils, instruments and preparations."

Thus it is apparent that the Reference is concerned primarily with the free entry, or the entry upon payment of lower rates of duty, for goods for certain institutions, largely non-profit organizations, or for disabled persons. Because of the nature of the Reference, both the representations made to the Board and the Board's own study necessarily go beyond the four tariff items specifically mentioned in the Minister's letter of reference.

More than 140 companies, associations and individuals, listed in Appendix III, made submissions to the Board. Most of these were made at the public hearing but many were received later. In addition, of course, the Board requested and received relevant information from parties that could supply it.

Although many submissions were received, not all the groups that were presumably interested in the subject matter of the Reference made representations to the Board. For example, no proposals were made on behalf of public hospitals, because they were content with the existing provisions; similarly none was submitted by any institution "incorporated for religious purposes", nor was representation made by any institution that was "incorporated ... for the encouragement of the fine arts" in the narrow traditional sense. Nevertheless, in its recommendations, the Board has tried to take into account all groups directly affected, even those that made no representations.

The representations that were received have been grouped, in the subsequent sections of this report, into five broad categories according to the type of goods to which they related.

A large number of representations were received in respect of hospital, medical and rehabilitation equipment and supplies. A number of users, and a number of Canadian importers or foreign exporters of various articles of equipment, urged the continuation of free entry of such articles and, in some instances, expansion of the scope of the relevant tariff items, or the creation of new items to accord similar tariff treatment to other goods or other users. Canadian manufacturers

of certain lines of equipment or supplies, on the other hand, sought to protect their interests as producers of similar or related goods, either by proposing that the scope of the relevant duty-free items be narrowed by specific exclusion of goods which they manufacture, or by the limitation of free entry to goods of a class or kind not made in Canada.

The representations on hospital, medical and rehabilitation equipment and supplies covered a broader range of tariff items than did those on any other category. Hospitals and those who sell equipment and supplies to hospitals have obvious interests in all the tariff items explicitly listed in the Minister's letter, while other groups have, and expressed, an interest in tariff items which permit the entry of specified medical or rehabilitation goods whether or not for use in hospitals. Tariff item 47600-1, which permits the free entry of "surgical and dental instruments" and other designated goods, was frequently referred to. Similarly a group of thirteen largely duty-free tariff items from item 47615-1 to item 48205-1 inclusive, and item 48600-1, were mentioned as examples of the kind of privileged tariff treatment which, depending upon the point of view of the spokesman, should be retained, or extended to include a broader range of goods, or restricted to goods of a class or kind not made in Canada.

A second group of representations dealt with goods for educational and scientific uses, for example teaching aids, scientific equipment and laboratory supplies. The users and importers of books, school laboratory equipment, audio-visual teaching equipment, musical instruments and other goods for educational purposes sought to retain or obtain the duty-free entry of such goods, whereas the manufacturers drew attention to their production in Canada of certain similar or competitive goods which they urged should be protected by customs duties. Most of these proposals were directed towards tariff items 69605-1 and 69610-1, the only items explicitly in the Reference in which goods for educational institutions are mentioned. However, other tariff items were also mentioned, including general items under which some goods used in educational institutions are currently entered without benefit of a free or privileged rate of duty.

A third group of representations proposed free entry of research and development equipment for commercial uses. Apart from one importer, these representations were from manufacturers or others engaged in research and development, commercial testing or quality control, either as part of their manufacturing activities or as consultants in research and scientific analysis.

A fourth group of representations was received from associations and individual companies seeking to protect the interests of manufacturers in Canada of the goods under review. These representations expressed concern over some of the existing duty-free provisions and over any extension of duty-free entry because of the possible impact on Canadian manufacturing industries. These interests generally proposed that the duty-free entry be confined to goods of a class or kind not made in Canada.

A fifth group of submissions was presented by users and importers of goods which do not appear to be closely related to health, education or research; they cover a number of products unrelated to

each other in any general manner. These briefs sought free entry for such goods, usually under an enlarged form of tariff item 69605-1.

A few of the representations submitted to the Board fail to fit precisely into any single one of the five categories outlined above: some, for example, were concerned with goods for both hospitals and educational institutions; others contained such general proposals as that only goods of a class or kind not made in Canada be admitted free of duty for any of the relevant organizations or groups. Nevertheless the five categories outlined above form a reasonably satisfactory classification of the goods on which representations were made. They are discussed in detail in subsequent sections.

Throughout the Reference difficulty was experienced in trying to assess the quantitative effects of the items under review on those affected by them: the institutions which derive benefit from the free entry and the Canadian producers which may be adversely affected by the lack of tariff protection. The difficulty relates in part to the nature of the tariff items in the Reference, especially item 69605-1. This item deals implicitly with the products of many different firms and industries, but not with all of the products of such industries; this and other items deal only with such products as are purchased by the specified users but, on the other hand, not with all the goods purchased by these users. The Board sought to overcome some of the statistical deficiencies in part by questions directed to the interested parties before, during and after the public hearing. In some cases companies indicated, by lack of response, no interest in the matter but, for the most part, all such questions were answered frankly and, the Board believes, in good faith; however, in many instances, the companies or institutions themselves were not readily able to ascertain the answers. Also, the absence of many agencies or groups which might have been expected to submit representations made the assembly of information more difficult and the results less complete. Finally, the tariff items specifically mentioned in the Minister's letter, or others in which an interest was expressed, are by no means all of the items relevant to the broad question of the appropriate rates of duty on goods imported for somewhat similar purposes. For these reasons, and by the very nature of the study, the Board's recommendations are based, to a greater extent than is customary in most References, on the considered opinions of informed witnesses and on the Board's own evaluation of general statements of benefit or injury. Some relevant statistical material is included in Appendices I and V.

While no estimate can be given of the market for all similar and related goods that might be entered under all tariff items, some information is available on importations actually made under the items specifically referred to the Board and under certain related tariff items, and on the value of some of such goods produced in Canada.

Imports under the four items, 47605-1, 47610-1, 69605-1 and 69610-1 were \$73 million in 1966. Imports under tariff item 46200-1 were nearly \$12 million in the same year but because this item was referred to the Board only with respect to the word "philosophical" and because importations are not made to any considerable extent under the provision in the item for "philosophical instruments", the imports under item 46200-1 are not considered to be important to this study.

Of the \$73 million of imports under the four principal tariff items in Reference 134, \$68 million were entered under tariff item 69605-1 and one million dollars were entered under item 69610-1. Thus, the two items, 47605-1 and 47610-1, in which public hospitals are the only beneficiaries, were used to a much smaller extent than the item for which educational, religious, cultural and scientific users are named along with public hospitals.

Information available to the Tariff Board from various sources indicates that imports under tariff item 69605-1 may be grouped as shown in Table (1). Laboratory and scientific equipment, including measuring and testing equipment, accounted for much the largest part of the imports; those imports which could be identified as specifically medical and hospital equipment and supplies were less than 10 per cent of the total. Various types of machinery and communications equipment made up a larger part of the imports than did the equipment and supplies specifically of a medical designation.

Table (1)

Imports under Tariff Item 69605-1
by Principal Categories, 1966

	From <u>All Countries</u> (millions of dollars)	From <u>U.S.A.</u>
Measuring, laboratory, medical & optical equipment	44.6	41.0
Communication & related equipment	3.6	3.4
Office machines & equipment (including computers)	3.4	2.8
Heating, air-conditioning & refrigeration equipment	2.5	2.5
Photographic equipment & materials	2.4	2.2
Special industrial machinery	2.0	1.0
Inorganic & organic chemicals & related products	1.9	1.9
Medicinal & pharmaceutical products	1.4	1.3
Other imports	<u>5.9</u>	<u>5.6</u>
Total	67.8	61.7

Source: Tariff Board Survey

By far the largest part of the imports under tariff item 69605-1 was from the U.S.A. Those from the United Kingdom amounted to \$1.7 million; the remainder came principally from West Germany and other countries of western Europe.

In addition to the \$73 million mentioned above, imports under a number of other tariff items which provide duty-free entry for somewhat related goods or users amounted, in 1966, to about \$130 million,

of which \$46 million were entered as surgical or dental instruments and related equipment under tariff item 47600-1. In total, therefore, imports which may be entered free of duty, and which have a fairly direct relevance to this Reference, may be in the neighbourhood of \$200 million annually.

To estimate Canadian production of all the goods relevant to this Reference is even more difficult than to measure the relevant imports, owing to the great variety of goods that have some association with the main areas of interest and the lack of adequate, detailed information concerning many of them. The goods of Canadian production in which the producers expressed an interest before the Board have a factory value in excess of \$10 million and total Canadian production of all relevant goods must be well in excess of this amount. Some of the products of Canadian manufacture incorporate substantial amounts of imported materials, parts and components which reduce considerably the Canadian content of the value of output.

While Canadian manufacture by no means extends over a great variety of goods relative to this Reference, it has increased appreciably in recent years and the Board was informed of plans for further expansion. Certain types of ophthalmic, orthopedic, dental and surgical supplies and appliances are produced in significant quantities, as are some aids and appliances for the rehabilitation of the physically handicapped. In addition there is, in Canada, substantial manufacture of certain other types of scientific and medical equipment, by no means all of which is within the terms of this Reference; shipments of certain classes of these goods are shown in Appendix I, Table 24. Many of the goods, though not directly related to the scope of this Reference, suggest the possibility of further increase in the domestic manufacture of related goods. Even so, however, the market for many goods within the scope of this Reference will almost certainly continue to be supplied by imports for many years to come.

Although the Board has been made aware of recent attempts to promote the export of Canadian-produced scientific goods and, in particular, of medical and surgical equipment, it is still broadly true that most of the Canadian output of such equipment is destined for the domestic market. The level of import duties in other countries, particularly the U.S.A., was cited by more than one industry spokesman as a serious handicap to export efforts; these duties are not accompanied by a provision for duty-free entry of scientific and medical goods analogous to that provided by the Canadian tariff items under review. The following extract from the evidence of the President of Hotpack (Canada) Limited at the hearing illustrates the point:

"The Chairman: What about the United States? Do you know if there are similar provisions in the United States?

Mr. Mann: No; in other words, we have shipped items from Canada into the United States and have paid duty. Now, I thought it was $7\frac{1}{2}\%$, but somebody said it was $12\frac{1}{2}\%$, and I am not quite certain what we pay in duty.

The Chairman: But whatever duty there is is applicable no matter who the purchaser is?

Mr. Mann: Yes, that is right." (Vol. 5, p. 965)

In the Tariff Schedule of the United States, tariff item 851-60 provides for the free entry of "instruments and apparatus" for "the use of any nonprofit institution ... established for educational or scientific purposes", but only "if no instrument or apparatus of equivalent scientific value ... is being manufactured in the United States ...". Similarly, U.S. tariff item 854-10, under the general heading "Articles imported for the use of any nonprofit institution ... established for educational, scientific or therapeutic purposes", provides free entry only for "apparatus utilizing any radioactive substance in medical diagnosis or therapeutic treatment ...". It would appear that most scientific and professional goods would enter the U.S.A. under Schedule 7, Part 2, which provides for "Optical Goods; Scientific and Professional Instruments ...". This Schedule includes, as subpart B, "Medical and Surgical Instruments and Apparatus; X-Ray Apparatus" in which 26 separate tariff items are listed, with duties on goods from other than "Communist countries" ranging from 4.5 per cent to 45 per cent.

In general Canadian exports of scientific or professional equipment to the United Kingdom would appear to be entitled to duty-free entry. In other countries the situation varies. Many countries, not including Canada but including the United States, have signed the "Florence Agreement" under which contracting countries extend to each other duty-free entry on such articles as books, works of art, articles for the blind, audiovisual materials, and scientific apparatus. However, provision in the Florence Agreement with respect to scientific instruments and apparatus is subject to the proviso that "instruments or apparatus of equivalent scientific value are not being manufactured in the country of importation".

In the sections of the Report that follow, the goods included in the Reference are grouped under the five categories mentioned earlier.

Hospital, Medical and Rehabilitation Equipment

Many different products are used by hospitals and by individuals for treatment and rehabilitation. Some are highly specialized in the sense that they are designed and manufactured for specific ailments and disabilities, while others have general uses beyond those of treatment and rehabilitation. Most of the products were said to be unavailable from Canadian manufacture.

The products for use in hospitals and for more general rehabilitation use may be entered under a number of tariff items at M.F.N. rates ranging from Free to 35 per cent. These products and tariff items were the subject of 19 submissions to the Board and of a number of representations subsequent to the public hearing. Most of the briefs dealt with a number of products as well as with several tariff items. Of the 19 submissions, 4 came from Canadian manufacturers of these products and 15 from user or importing interests. No submission was received from hospitals; the Canadian Hospital Association, in correspondence with the Board, expressed general satisfaction with the existing Tariff. The users and importers requested the maintenance or extension of free entry privileges, while the Canadian manufacturers pleaded for protection.

Two of the submissions were very broad in scope and dealt, in effect, with a very large segment of medical and rehabilitation equipment. These were the submissions by the Canadian Medical Association and by the Canadian Surgical Trade Association. These two submissions are noted immediately below and subsequent reference is made to them in notes on products that would be affected by these proposals. Notes on the other representations and other expressions of interest then follow.

The Canadian Medical Association

The Canadian Medical Association, representing some 17,500 of the 21,000 doctors in Canada sought nothing for its members; it presented a brief on behalf of disabled persons generally. A spokesman for the Association noted that the submission "has been endorsed by several other important organizations, the directors and personnel of 10 Canadian rehabilitation centres, many hospital departments of physical medicine and rehabilitation, the Canadian Association of Physical Medicine and Rehabilitation, the Canadian Arthritis and Rheumatism Society, the Canadian Orthopaedic Association and the Canadian Association of Plastic Surgeons." (Vol. 1, p. 12-3)

The Association proposed a new tariff item worded as follows:

"Rehabilitation products and equipment of a class or kind not made in Canada for the personal use of disabled persons	Free Free Free" (Vol. 1, p. 14)
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In support of this proposal, the spokesman for the Association stated that the use of rehabilitation products in the home is a new development, which lessens to some extent the need for treatment and care in hospitals or institutions. Recent advances in rehabilitation procedures as well as in equipment have enabled many disabled

persons to return to fairly normal lives. The appliances they use form an essential part of their lives, and only by using such devices are they capable of maintaining independent existence. Most of these products were said to be unavailable from Canadian manufacture. The cost of the equipment often places a heavy financial burden on the handicapped person, a burden increased by the payment of duty on goods not available from Canadian production.

The definition of rehabilitation used by the Association was the conservation or restoration of a person to his fullest physical, mental, social, economic and vocational usefulness.⁽¹⁾

The Canadian Medical Association provided definitions of what might constitute a rehabilitation product and who might be considered a disabled person, suggesting a rather narrow interpretation of these terms. According to its definition, a handicapped or disabled person is one who has such mental or physical impairment as to prevent him from accomplishing his normal duties to the satisfaction of the community or of the individual; included would be amputees, paraplegics, quadriplegics and incontinent persons. Rehabilitation products would include the following: prosthetic devices, or any artificial substitute such as artificial limbs, to replace a missing body part; orthotic devices, mechanical appliances such as a brace or corset, to support or straighten a weak part of the body or to correct deformities and failing functions. Rehabilitation products would also include incontinence equipment and many other appliances to achieve or maintain maximum independence.

It is not entirely clear, however, what may be included, for example, in prosthetic devices. Apart from artificial limbs, the term "a missing body part" may cover a number of things having cosmetic rather than prosthetic purposes or applications.

Many widely different products are used for rehabilitation; most of them are highly specialized but some have other, more general uses. In its submission, the Canadian Medical Association listed seven major categories of equipment known to be used for rehabilitation which would be covered by its proposed new item. In addition, this proposed item is intended to include all such products that might be developed in future.

A list of some of the equipment of interest to the Canadian Medical Association, together with an indication of the present tariff treatment of the equipment, is given in Appendix IV; as is there noted, the following types of equipment may be entered free of duty from all sources, whether or not made in Canada, and regardless of user:

Catheters (Tariff item 47600-1);
 Urinary collection devices and accessories (Tariff item 47810-1);
 Crutches (Tariff item 48000-1);
 Artificial limbs, parts and articles for use in their manufacture
 (Tariff items 47805-1 and 47815-1).

(1) This definition was said to be taught at universities to medical students, to physiotherapists and to occupational therapists; it is said to originate from Dr. Howard A. Rusk, an American doctor of physical medicine, a world authority on rehabilitation.

Beyond these types of equipment, there are also provisions in the Customs Tariff for the free entry of the following goods for the handicapped:

<u>Tariff</u> <u>Item</u>	<u>Brief Description</u>
32618-1	Artificial eyes for human use.
43806-1	Auxiliary driving control kits designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof, when of a class or kind not made in Canada and when for use in the manufacture or repair of certain motor vehicles.
47810-1	Aural, nasal, mastectomy and other medical or surgical prostheses; ileostomy, colostomy appliances designed to be worn by an individual.
47900-1	Orthopedic high chairs.
48100-1	Specially constructed boot or appliance made to order for a person having a crippled or deformed foot or ankle.
48105-1	Individual pairs of boots or shoes for defective or abnormal feet when purchased on the written order of a registered medical practitioner.
48200-1	Hearing aids and a variety of goods for the training of the deaf.
48205-1	Materials for use in the manufacture or repair of hearing aids and parts thereof.
48600-1	Artificial larynx for use in restoring speech.
69800-1	Articles specially designed for the blind ... when for blind persons

Auxiliary driving control kits for car driving by disabled persons may be entered duty-free under tariff item 43806-1. The item provides for the kits, and many other automotive goods, of a class or kind not made in Canada and when for use in the manufacture or repair of certain motor vehicles. The Canadian Medical Association noted that some of the simpler kits are made in Canada. It was not represented that restriction to "manufacture or repair" had any practical limiting effects in so far as the driving kits used by disabled persons are concerned.

Some equipment may be entered duty-free under tariff item 69605-1 as mechanical equipment of a class or kind not made in Canada, for use by the institutions qualified to import under the item. This includes motorized wheelchairs, patient lifters, powered book-page turners and ceiling projectors. These articles are, however, dutiable for all other users.

All other products listed by the Association are dutiable. A few may be entered under no nomine items; the majority are dutiable according to component material of chief value. The M.F.N. rates of duty on these products range from $7\frac{1}{2}$ to 35 per cent. Most imports are from the United States.

Some of the articles on the Association's list, such as wheelchairs, incontinence pads, wooden crutches and certain types of artificial limbs, are manufactured in Canada, as indicated in the notes on individual products.

The item proposed by the Canadian Medical Association contains a number of terms which may be subject to different interpretations for example, "rehabilitation products and equipment", "for the personal use", "disabled persons". The item, as proposed, would pose difficult problems of administration. The various terms may be interpreted broadly or narrowly in Customs administration. If interpreted broadly, "rehabilitation products and equipment" might encompass almost anything that is used by a disabled person and the term "for the personal use" might expand very greatly the duty-free importations. The term "disabled persons", if interpreted broadly, might include anyone with a relatively minor and temporary disability such as a broken ankle or other similar injury which, for equipment having general uses, would give rise to considerable broadening of the scope of the item beyond anything originally contemplated. It might be noted that the Association made no proposal for medical equipment more generally, including hospital equipment.

If an item were adopted in the form proposed, it might very well fail to achieve fully the result intended by the Association. Some articles, including wheelchairs, crutches and artificial limbs, might continue to be entered under the existing tariff items in which they are specifically named; customs duties might be exigible on some of these articles (cf. Appendix IV). Some articles listed by the Canadian Medical Association are now being made in Canada and the scope of the proposed end-use item might narrow further as Canadian production extended to more products. Problems could arise, from time to time, as to whether an imported article was of the same class or kind as a somewhat similar article made in Canada.

The Canadian Surgical Trade Association

The Association represents some 20 companies, comprising about 70 per cent of Canadian dealers in surgical goods. The members of the Association were said to sell between 60 and 70 per cent of the surgical, medical and health supplies used in the country.

The Association proposed that:

1. Tariff item 69605-1 be broadened to include the following parts of existing tariff items 47605-1 and 47610-1:

from 47605-1 - "glassware and other scientific apparatus for laboratory work; chairs and tables for surgical operating purposes and parts thereof; infant incubators and parts thereof; infant and patient identification tapes and ribbons of any material;

infant identification bead sets including cases and parts thereof; electrocardiographs and parts thereof and sensitized film and paper for use therein; electroencephalographic paper; apparatus for sterilizing purposes, including bedpan washers and sterilizers;"

from 47610-1 - "surgical suction apparatus; operating room lights designed to minimize shadow;"

2. The term "and by order of" be deleted from tariff item 69605-1;
3. Tariff item 69605-1 be broadened to include among the users: homes for the aged, physicians, private hospitals, industrial first aid departments, pharmacists and medical laboratories.
(Vol. 1, p. 102-3)

The Association noted that the first proposal would avoid dual tariff status.

In supporting proposal 2, the spokesman for the Association said that the phrase "and by order of" restricts the free entry of goods under tariff item 69605-1 to hospital orders only. If the goods are imported by a distributor for stock, they are subject to duty and sales tax which can be recovered upon demonstration that the goods have been sold to public hospitals. The phrase, therefore, imposes on distributors a heavy burden of bookkeeping which would otherwise be unnecessary, and a loss of money from duties and sales tax paid on goods for which refunds are not claimed.

Proposal 3 was apparently designed to assist the sick who are treated in places other than public hospitals.

The surgical trade was described by the spokesman of the Association at the public hearing as very diverse; a number of dealers carry as many as 17,000 different products. The goods of main concern to the member companies are surgical instruments of steel, used principally in the operating room, most of which are now entered duty-free under tariff item 47600-1. However, the surgical, medical and health supplies sold by members of the Association include many other products, such as alternating pressure pads, wheelchairs, walkers, some laboratory supplies and a host of other products used in medical treatment and diagnostic procedures. The annual value of sales by members of the Canadian Surgical Trade Association is about \$30 million, 90 per cent of which is imported, principally because of unavailability from Canadian manufacturers. According to the spokesman, however, more and more of these products are being made in Canada. The spokesman for the Association said that most imports by member companies are entered free of duty and the percentage of their sales which go to users entitled to duty-free importation under tariff items 47605-1, 47610-1 and 69605-1 was estimated to be of the order of 80 per cent.

The major source of imports is the U.S.A., especially for medical equipment such as suction pumps and diathermy machines. England, Germany and Sweden tend to be the major suppliers of surgical instruments.

The Association proposed to incorporate into tariff item 69605-1 most of tariff items 47605-1 and 47610-1 to avoid dual tariff status. While it is true that there is duplication between the items, there are differences as well. Tariff items 47605-1 and 47610-1 provide for a number of specific products when for the use of public hospitals; the products listed in item 47610-1 are also qualified by "class or kind not made in Canada". Tariff item 69605-1 also lists several named products of a different nature (educational rather than medical); in addition, it contains more general provisions, such as those for "scientific apparatus" and "mechanical equipment of a class or kind not made". Tariff item 69605-1 is not limited to public hospitals but includes among its users educational, scientific, cultural and religious institutions as well.

The Canadian Surgical Trade Association proposed to broaden tariff item 69605-1 by including a number of other users along with the present ones. These include: homes for the aged, physicians, private hospitals, industrial first-aid departments, pharmacists and medical laboratories. The Association estimated that 20 per cent (about \$6 million) of the sales of its members were to these users. Imported goods for these latter users are not necessarily all dutiable at present; many of the products sold by members of the Association may be entered under tariff item 47600-1 or other items duty-free for all users.

The Board received an identical proposal from Ingram & Bell, Limited, Toronto; the company is a member of the Association.

Representations on Specific Products

The interests which were expressed on specific products are here grouped, for convenience of presentation, though the divisions between the groups are not clear-cut.

- (A) Products used mainly by hospitals;
- (B) Products used by individuals for personal rehabilitation;
- (C) Products used in the offices of doctors, dentists and other professions in the treatment of patients.

(A) Products used mainly by hospitals

- (1) Intravenous solutions containing dextrose; disposable solution and blood administration, and blood-taking sets; blood collection and storage units

A submission concerning these products was received from Baxter Laboratories of Canada Limited, Alliston, Ontario. After the hearing, Abbott Laboratories Limited, Montreal, and Cutter Laboratories International, Calgary, expressed opposition to the Baxter submission.

Intravenous solutions containing dextrose are used almost entirely by hospitals; they are usually sold in disposable glass bottles of 250 cc, 500 cc or 1000 cc. It appears that at present there are only two manufacturers in Canada of such solutions. Canadian manufacturing facilities for Baxter Laboratories of Canada Limited, a subsidiary of Baxter Laboratories, Inc., of Morton Grove, Illinois, were

established over 30 years ago; about 140 people are employed. Manufacturing facilities for Abbott Laboratories Limited, a subsidiary of Abbott Laboratories of North Chicago, Illinois, were set up in Montreal in 1946.

For the manufacture of intravenous solutions, Baxter purchases most materials domestically: the bottles from Dominion Glass Company and the contents from local pharmaceutical companies. While Abbott Laboratories manufactures in Canada about 95 per cent of the solutions which it sells to Canadian hospitals, the company claims, in contrast to Baxter, that it is compelled to import almost all the ingredients because they are not available from Canadian production; for example, the required type of dextrose powder is not available from either of the two Canadian sources of corn products. The company also imports the bottles in which its solutions are sold, claiming that a suitable bottle, with a neck completely free of flaws, is required in Canada in quantities too small to be economic for Canadian production.

Information available to the Board indicates that, in 1965, about 50 per cent of the Canadian market for intravenous solutions was supplied by Abbott, 40 per cent by Baxter and most of the remainder by Cutter Laboratories International. Cutter Laboratories has no Canadian manufacturing facilities; its imported products were distributed prior to 1967 mainly in Western Canada by Standard Surgical Supply Limited. Recent information indicates that Standard Surgical Supply has now become a distributor for Baxter Laboratories and no longer distributes the products of Cutter Laboratories.

The market for these products is said to be growing fairly rapidly as new applications and new solutions are developed. Abbott Laboratories maintains warehousing facilities in most principal centers from Vancouver to Halifax because the ability to make prompt deliveries is regarded as an essential requisite to supplying the market.

The disposable sets for the administration of intravenous solutions and of blood, and for taking blood, came into general use about 20 years ago. They are made of "medical grade vinyl tubing", a type said to be not yet available from domestic manufacture. Baxter Laboratories assembles disposable sets, mainly from imported materials. The company offers for sale 15 different solution sets, 8 blood administration sets, and 4 blood taking sets. Even though Abbott Laboratories apparently has a somewhat larger share of the market than Baxter, it does not at present manufacture the disposable sets in Canada; it imports some 50 different sets from its parent in the U.S.A. for sale in Canada. Abbott regarded the establishment of Canadian production of disposable sets as difficult because the component parts are not available from domestic production. Another factor cited as making the establishment of Canadian production difficult was the continuous improvement of the products; about a dozen new sets are introduced every year, replacing the older types.

The blood collection and storage units are normally disposable glass containers, partially filled with quantities of anticoagulants and other inhibitors for the storage of blood. Baxter purchases the majority of materials domestically for the manufacture of these products; Abbott makes them in Canada, using local ingredients and

imported bottles. Abbott appears to be the major supplier in Canada of these products, although the company reported considerable competition from plastic units, imported from the United States by an affiliate of Baxter. Despite their higher cost -- approximately three times that of glass units -- the plastic units are finding increasing use, especially by the Department of National Defence and by the Emergency Measures Organization. They, together with blood taking sets, are also used by the Red Cross in its mobile blood donor clinics.

Total imports of intravenous solutions, blood collection and storage units, and materials and articles used in their manufacture amounted to \$2.8 million during 1966. Imports of these products are mainly from the United States, although Baxter claimed the existence of considerable competition from "low-wage countries". Abbott was unaware of this competition and felt that it was a difficult market for anyone to break into; because of the highly critical nature of the products, the users were inclined to favour products of well-established, reputable companies. The need for large, dispersed stocks to service the market, particularly to meet the rapid delivery requirements, also acts as a deterrent to import competition from overseas countries.

While published price lists for Abbott, Baxter and Cutter show identical prices for the same solutions, each company offers to hospitals various discounts, at least up to 40 per cent depending on the quantity purchased. Cutter claimed that in Eastern Canada, where only Abbott and Baxter share the market, hospitals pay more for their requirements of solutions and sets than hospitals of comparable size in Western Canada, where Cutter has provided additional competition.

Disposable sets for solution administration, blood administration and for blood-taking may be entered duty-free under tariff item 47600-1.

Intravenous solutions containing dextrose may be entered duty-free under tariff item 20625-1, as follows:

20625-1: Dextrose (glucose) solutions and levulose (fructose)
(206b) solutions, prepared for parenteral administration in therapeutic treatments; component materials and articles to be used in making such preparations

Free

Free

Free

Blood collection and storage units may be entered duty-free under tariff item 20630-1 as containers for the collection, storage or transportation of human blood.

Some of the materials used in assembling the administration sets, not being complete parts of the set, are not admissible under tariff item 47600-1 but are dutiable, usually, according to the component material of chief value. For example, rubber tubing is dutiable under tariff item 61800-1 at 20 per cent, M.F.N. Vinyl and nylon tubing, when imported in lengths, may be entered respectively under tariff items 90603-1 and 90605-1, at 15 per cent M.F.N.

Baxter Laboratories Limited proposed that:

- (1) Disposable solution and blood administration sets, and disposable blood taking sets be excluded from the provisions of tariff item 47600-1;
- (2) Intravenous solutions containing dextrose be excluded from the provisions of tariff item 20625-1;
- (3) Units for blood collection and storage be excluded from the provisions of tariff item 20630-1.

No change in the wording of these items was suggested but, by the proposal, these products, no longer duty-free under the above items, would be classified elsewhere in the Customs Tariff and become dutiable, in most instances probably at 20 p.c. In addition, the materials and articles used in the manufacture of these products would become dutiable under the tariff items providing for such materials and articles. (Vol. 2, p. 305-6)

Baxter supported its proposal by saying that its implementation would protect Canadian production, employment and capital investment; assist in decreasing the flow of Canadian dollars abroad, and enable the company to continue to offer the products to Canadian customers at prices competitive with U.S. prices and lower than would be possible on imported products.

Abbott Laboratories Limited, in its correspondence with the Board, appeared to favour continued free entry for most of the products under discussion. The company expressed its views in the following terms:

"We would have no objection to a change in the tariff status, i.e., the imposition of customs duty on imported Dextrose solutions ... However, like treatment of raw materials or other items required for their production, and unobtainable in Canada, would serve no practical purpose whatsoever.

"Administration sets of which Abbott has a long, complete and detailed listing, are not manufactured here; virtually none of the various component parts have been available in Canada ... Imposing Customs duties on these, or on any of the components which may have to be imported, would ... merely increase costs, with the unavoidable implication of increased cost to the ultimate consumer."

Cutter Laboratories International also expressed opposition to Baxter's proposal that the products under discussion be made dutiable. The company considered that its products would be adversely affected and it might no longer be able to supply Canadian hospitals.

Opposition to the Baxter proposal was also expressed by Standard Surgical Supply Ltd. of Calgary, Alberta, formerly the exclusive representative in Canada of Cutter Laboratories International. However, in January, 1967, when the company became an agent and distributor for Baxter Laboratories, it withdrew its objection to the proposal of Baxter Laboratories and urged the Board to adopt the proposal.

Both Abbott and Cutter stated that the only foreign competition that may be experienced by Baxter for the products concerned is from the United States and not from low-wage countries.

Concerning Baxter's argument on the high level of employment and re-investment of profits in Canada, Cutter offered the following observations:

"Baxter Laboratories employ approximately 95 people at their plant in Alliston, Ontario. The remainder of their employees are in sales and the number is unaffected by Canadian production ...

"All Baxter Canadian profits are returned to their parent company in Morton Grove, Illinois, U.S.A. ..."

Cutter also stated that "additional costs encountered through importation are absorbed by the manufacturer, not passed on to the customer as implied."

(2) Disposable needles; blood specimen tubes; plastic culture dishes

A submission on these products was made by Becton, Dickinson & Co. Canada Limited, which opened its manufacturing facilities in Clarkson, Ontario, in October, 1964. The company is a subsidiary of Becton, Dickinson and Company of Rutherford, New Jersey, U.S.A. Early in 1966 the Canadian company employed 96 persons, 39 of them production workers; it plans further expansion of its manufacturing operations in Canada to include many other goods currently imported.

Of the company's total sales in Canada, in 1965, 32 per cent was said to be of goods manufactured in Canada. One major item made in Canada by Becton, Dickinson is the disposable hypodermic needle. Another item made in Canada in large volume is a small disposable glass tube called the Vacutainer specimen tube, used for the collection of blood samples. These tubes are referred to as "blood collection and storage equipment" as are the products made by Baxter Laboratories and Abbott Laboratories. However, the blood collected and stored in the units manufactured by Baxter and Abbott is to be used for the treatment of patients, whereas the Becton, Dickinson products are for blood for testing purposes. It is understood that the company's products, like those made by Baxter and Abbott, have a substantial imported content. Another product manufactured to the company's specifications in Canada is the Petri-dish -- a range of disposable plastic culture dishes used mainly in the laboratory.

Becton, Dickinson also imports a large number of products and offers for sale some 8,000 products, about 3,000 of them for laboratory use. The company's representative indicated that the company anticipated the manufacture in Canada of a wider range of such products, including disposable plastic applicators, containers, disposable hospital tubing sets, trays and accessories, culture bottles and surgeons' gloves.

It was stated that the products manufactured by Becton, Dickinson are not made in Canada at present by any other company.

Products of similar nature are imported and sold in Canada by surgical dealers and laboratory suppliers, of which the principal ones are:

American Hospital Supply (Canada) Ltd.
J.F. Hartz Co. Ltd.
Ingram & Bell Ltd.
J. Stevens & Son Co. Ltd.

All of these companies were said to be engaged only in distributing imported products and, together, to supply \$24 million of the \$40 million of surgical-medical supplies sold in Canada annually. There are, apparently, some 40 smaller firms engaged in the distribution of such supplies in Canada. The spokesman for Becton, Dickinson company stated that he expected this very rapidly expanding market to increase to \$80 million by 1970.

Surgical-medical supplies of the types of concern to Becton, Dickinson are used mainly by hospitals, physicians and medical laboratories. Ninety per cent of the company's total sales are said to be to institutions qualified to import under tariff item 69605-1, mainly hospitals.

It was emphasized by the company's spokesman that disposable medical products have a tremendous potential market as hospitals seek labour-saving devices in serving the rapidly growing needs. Disposable medical equipment is rapidly becoming a major part of hospital supplies and a satisfactory program utilizing disposable articles were said to require domestic sources of supply.

The company was said to be experiencing a great deal of competition from Japan. Published statistics indicate, however, that most imports of such products are from the United States; Japan, France and Denmark together account for only about 2 per cent of total imports. The company claimed that it endeavoured to sell its Canadian-made products at the same price, in Canadian dollars, as its parent sells its products in the U.S.A.

The disposable needles of the type made in Canada by Becton, Dickinson & Company Canada Limited may be imported free of duty under the provisions of item 47600-1.

The disposable blood specimen tubes of the type made by the company in Canada may be entered duty-free under tariff item 20630-1.

The plastic culture dishes manufactured to the company's specifications in Canada may be entered at present under two tariff items: when for the use of the qualified institution, duty-free under tariff item 69605-1; for other uses, under tariff item 90800-1, as manufactures of synthetic resins, at rates of 15 p.c., B.P., 20 p.c., M.F.N.

Becton, Dickinson & Company Canada Limited proposed that:

- (1) Tariff items 20630-1, 47600-1, 47605-1 and 69605-1 be restricted to products of a class or kind not made in Canada;

- (2) Tariff items 20635-1 and 69610-1 remain unchanged;
- (3) Consideration be given to adding a section for duty-free entry of materials and components, similar to items 20635-1 and 69610-1, under tariff item 47600-1;
- (4) Machinery and parts "of a class or kind not made in Canada" when imported for the manufacture of the items normally admissible under tariff items 20630-1, 47600-1 and 69605-1 be exempt from duty and sales tax;
- (5) The words "by order of" be deleted from tariff item 69605-1. (Vol. 2, p. 327-9)

In support of proposal (1), the company expressed the view that the expanding Canadian economy would be best served if only products of a class or kind not made in Canada were admitted duty-free under tariff items 20630-1, 47600-1, 47605-1 and 69605-1. The company added that a specific product, to be deemed made in Canada, should be in common use and obtainable in sufficient volume to satisfy the Canadian demand. It was emphasized by the company's representative at the public hearing that the manufacture of these surgical and medical products is a new industry to Canada and, therefore, should be given encouragement and protection in order to allow the Canadian manufacturer to achieve sufficient volume to maintain his operations. The company was penalized, it was claimed, by having the finished products come into Canada free of duty when the company had to pay duty on some components and on machinery.

In support of proposal (2), the company's spokesman stated that many products new to Canadian manufacture or under consideration for production in Canada must be made or assembled from imported materials or components. Therefore, tariff items 20635-1 and 69610-1, providing for materials and articles for use in the manufacture of such products, should remain unchanged.

In support of proposal (3), that the duty-free provision for materials and components be extended, the company cited, as an example, a special kind of paper used to package sterile disposable needles. This paper is currently available only from two sources -- one in the U.S.A., the other in England. The company imports it from the U.S.A. under tariff item 19700-1 "Paper of all kinds, n.o.p.", at 22½ per cent duty plus sales tax. The needle packaged in this kind of paper comes into Canada duty and sales tax free under tariff item 47600-1. For this reason, the company recommended that a section be added to tariff item 47600-1 providing for the free entry of materials and articles for the manufacture of products allowed under the item, similar to the provision in tariff items 20635-1 and 69610-1.

In support of proposal (4) the company expressed the view that it was not only a hardship but also an injustice for Canadian manufacturers to pay duty and sales tax on machinery and parts of a class or kind not made in Canada when the final product can enter Canada duty-free and sales tax exempt. The company's representative also stressed that machinery and parts of a class or kind made in Canada should be exempt from sales tax when used to produce goods sold almost entirely to purchasers exempt from payment of federal sales tax.

upon them. This, it was argued, would further encourage expanding this new medical supply industry. Increased production, as well as lower costs, would then make the Canadian manufacturer more competitive in export markets.

In support of proposal (5), the company stated that the phrase "by order of" imposed a hardship on companies because of the necessity to have a signed order from the hospital or institution for a company to import products free of duty under tariff item 69605-1. It was also pointed out that importers who supply Canadian hospitals have many thousands of dollars tied up in duty paid on items imported for stock even though, when sold, these goods are for uses entitled to duty-free entry. To obtain refunds, the companies must engage in bookkeeping made necessary by the phrase "by order of".

The proposal by Becton, Dickinson & Co. Canada Ltd. to restrict items 47605-1 and 69605-1 to products of a class or kind not made in Canada was intended to exclude only the types of products which the company manufactures in Canada. Under tariff item 47605-1, the only category of products in which the company at present has an interest as a producer is glassware and other scientific apparatus for laboratory work in public hospitals. At present, the company's manufacturing interest in this category is confined to Petri-dishes which apparently are manufactured in Canada by several companies, and are also said to be imported from Denmark. Similarly, under item 69605-1, Petri-dishes may be entered under the provision for "scientific ... utensils"; other products allowed under the item are not manufactured by Becton, Dickinson in this country.

Jelco Laboratories Company Ltd., Toronto, Ontario, wrote to the Board on September 30, 1965, expressing an interest in certain disposable medical products. The letter stated, in part:

"We are a wholly owned subsidiary of JOHNSON & JOHNSON, New Brunswick, New Jersey. Our affiliate, JELCO LABORATORIES, was formed last year in the U.S. to manufacture and distribute a new line of disposable medical products. Our initial products are disposable syringes and needles.

"We plan to import and begin distributing these products in Canada later this year. Once established in the market with sufficient volume, we would hope to manufacture in Canada.

"Our products are currently ruled admissible free of duty as 'surgical instruments of any material', under tariff item 476, and are exempt from Sales Tax. They are considered to be of a class or kind not made in Canada ...

"A continuation of the above situation would encourage our new Company in Canada and would tend to keep down costs to hospitals and doctors. Encouragement now could help to hasten manufacturing in Canada with the consequent benefits to the Canadian economy and to our customers."

(3) Surgical adhesive tapes

Submissions concerning surgical adhesive tapes were received from Minnesota Mining and Manufacturing of Canada Ltd., London, Ontario (3M) and, in a joint brief from four Canadian manufacturers of surgical dressings. These were: The Kendall Company (Canada) Limited, Toronto, Ontario; Johnson & Johnson Limited, Montreal, Quebec; Smith & Nephew Ltd., Lachine, Quebec; and Texpack Limited, Brantford, Ontario.

The four Canadian manufacturers claimed that the Canadian surgical dressings industry manufactures surgical adhesive tapes in Canada, similar to tapes made in the U.S.A. and imported by 3M. The industry named "Dermicel", "Zonas" and "Arro" tapes as manufactured in Canada in a variety of sizes, and stated that continuous research was carried on in Canada to improve the quality of these products. The surgical tapes made by the Canadian industry are widely accepted and used but, apparently, are different in some respects, both in composition and use from the tapes developed and manufactured by the 3M company in the U.S.A.

The surgical adhesive tapes manufactured in Canada, if imported, would be entered under the following provisions: the "ARRO" tape made by the Kendall Company (Canada) Limited and the "ZONAS" tape manufactured by Johnson & Johnson Limited, as plasters, under tariff item 22001-1, at rates of $17\frac{1}{2}$ p.c., B.P., and 20 p.c., M.F.N. The "DERMICEL" surgical adhesive tape manufactured by Johnson & Johnson in Canada apparently is dutiable, as an article made from woven fabrics, under tariff item 56300-1, at rates of 20 p.c., B.P., and $27\frac{1}{2}$ p.c., M.F.N.

In its submission, the 3M company listed three types of surgical adhesive tapes, in addition to other products, for which duty-free entry was proposed on the ground that they were all used in ministering to sick, injured, afflicted or handicapped persons, and that they were not made in Canada. The tapes are manufactured in the United States by the parent company, Minnesota Mining and Manufacturing. Of the three surgical tapes in question, one, "MICROPORE" tape, may be entered as a manufacture of paper under tariff item 19900-1, at rates of $17\frac{1}{2}$ p.c., B.P., and $22\frac{1}{2}$ p.c., M.F.N. The other two, "BLENDERM" surgical tape and "STERI-STRIP" skin closures, are both dutiable as manufactures of synthetic resins, under tariff item 90800-1, at rates of 15 p.c., B.P., and 20 p.c., M.F.N.

The 3M company, in letters to the Board, put forward alternative wordings for tariff items to provide for the products. The company's first choice was for a new tariff item with provision for free entry under all Tariffs, worded as follows:

"Pressure sensitive adhesive surgical products utilizing a single ingredient synthetic polymeric adhesive of a kind not made in Canada."

As an alternative, the company proposed that tariff item 47615-1 be altered to:

"Prepared surgical sutures and any other prepared surgical skin closure devices, of a class or kind not made in Canada."

This wording would provide duty-free entry for the "STERI-STRIP" skin closures but the other two products referred to above would continue to be dutiable.

The brief of the Canadian surgical dressings industry was submitted in opposition to the 3M Company's proposal for duty-free entry of tapes manufactured by that company in the United States, namely "STERI-STRIP" skin closures and "MICROPORE" and the "BLENDEEM" surgical tapes. The industry held that its members manufacture adhesive tapes for many surgical and medical uses and generally for retail and industrial markets and that there were other companies also manufacturing adhesive tapes. In effect, it was stated that there is an established Canadian manufacturing industry producing a complete range of adhesive tapes and, therefore, "any change in the tariff structure relating to imports of adhesive tape would be calamitous in so far as this particular Canadian industry is concerned".

(Vol. 2, p. 356)

The industry's brief also pointed out that "Whereas it is natural for one company to claim superior performance for a particular type of tape, nevertheless it is submitted that surgical adhesive tape is now manufactured in Canada and consequently, no particular brand should be imported on a duty-free basis". (Vol. 2, p. 356-7)

"Surgical adhesive tapes" have been held to be "of a class or kind made in Canada" since May, 1965, and the imported products might very well not be entered duty-free under any tariff item restricted to products of a class or kind not made in Canada, as proposed by the 3M company.

The first of the wordings proposed by 3M for a new tariff item described the products by direct reference to the company's own goods. The alternative wording, the amendment of existing item 47615-1, would provide duty-free entry for "Steri-Strip" skin closures but would not encompass some adhesive tapes which might bear a closer relationship, in manufacture and in use, to the "Steri-Strip" than the latter bear to surgical sutures, the only goods now provided for in tariff item 47615-1.

Effective March 30, 1966, "prepared surgical skin closure devices", as well as articles and materials for use in their manufacture, were exempted from federal sales tax.

(4) Surgical elastic supports

Certain of these supports were the subject of a proposal by the Jobst Institute Inc., Toledo, Ohio. The company proposed that its products, which are known as the Jobst Custom-made Venous Pressure Gradient Elastic Supports, be permitted into Canada duty-free. The company's submission was opposed by The Kendall Company (Canada) Limited, Toronto, a manufacturer of some types of elastic supports.

The supports manufactured in Canada include only supports for the leg: anklets, knee-length and full-length stockings. Leotards and sleeves for the arm are not manufactured in Canada. The stockings in the lower price range are knitted usually of cotton and rubber and, in the higher price range, of nylon and dacron.

The 1967 edition of The Canadian Trade Index lists the following manufacturers under "Supports, Ankle, Knee, Thigh, etc.":

Calgary Artificial Limb Factory, Calgary, Alta.
Guelph Elastic Hosiery Co. Ltd., Guelph, Ont.
Kendall Company (Canada) Limited, Toronto, Ont.
Longdon, F. & Co. (Canada) Limited, Toronto, Ont.
Louch, D.G., St. Marys, Ont.

The Index also lists the following manufacturers under "Stockings, Elastic":

Airway Surgical Appliance Industries Ltd., Ottawa, Ont.
Barbara Hosiery Mills Ltd., St. Johns, Que.
Kendall Company (Canada) Limited, Toronto, Ont.
Longdon, F. & Co. (Canada) Limited, Toronto, Ont.

The largest Canadian manufacturer of supports appears to be the Kendall Company, which employs approximately 30 people in stocking manufacture and makes over 40,000 pairs of stockings per year. The company estimated that at least 60,000 pairs of surgical elastic stockings are manufactured in Canada annually.

Most surgical elastic stockings are apparently used to relieve varicose veins. They are also used in hospitals during post-operative treatment to control the flow of blood to the extremities in order to prevent clotting. The total Canadian market was estimated by the representative of the Kendall Company to be in the neighbourhood of 80,000 pairs of stockings per annum, 25 per cent of which would be imported.

The stockings made and sold in Canada by Kendall are priced from \$9 to \$21. The stockings priced at \$21 are the sheerest possible; the lower-priced stockings are heavier in appearance. The Kendall stockings, sold under the trade name "Bauer & Black", are all stock items, readily available in drug stores, though sometimes sold on a doctor's prescription. The company does not make stockings on a custom basis.

The imported product, the Jobst Custom-made Venous Pressure Gradient Elastic Support, is custom-made and sold only on a physician's prescription for persons afflicted or handicapped by marked swelling of the extremities. These supports are manufactured only in Toledo, Ohio, by the Jobst Institute, Inc. of woven fabric of rubber-cored dacron.

The prices of the supports range from U.S. \$3.50 for a detachable gauntlet to U.S. \$35 for a waist-height or breast-height garment. With exchange, duty, sales tax and shipping charges, the Institute stated that the Canadian user pays over 50 per cent more for his garment. The company explained that the higher price limited sales in Canada to about 900 units, having a value of about \$12,000 or \$15,000 per year.

Surgical elastic stockings may be entered under tariff item 56821-1 as "Socks and stockings, n.o.p." at $17\frac{1}{2}$ p.c., B.P. and $17\frac{1}{2}$ p.c. and 75 cents per dozen pairs under the M.F.N. Tariff. Other Jobst supports may be entered under tariff item 56300-1, providing in part for "... clothing, wearing apparel and articles made from woven fabrics ...", at an M.F.N. rate of $27\frac{1}{2}$ per cent.

The major Canadian manufacturer of surgical elastic stockings, the Kendall Company (Canada) Limited, was not concerned with other types of surgical elastic supports such as the leotard-type and sleeves, but the company made its submission in opposition to the request, by the Jobst Institute, for the duty-free entry of the Jobst Custom-made Venous Pressure Gradient Elastic Support. The Kendall Company contended that there were several Canadian manufacturers of venous pressure gradient elastic supports and that it would be detrimental to Canadian manufacture to have a duty-free tariff item now established for surgical support hose. The company noted that tariff item 568a(2) (now numbered 56821-1), applying to the stockings, had been reviewed and revised by the Tariff Board as part of the Textiles Reference a few years ago.

The Canadian Textile Institute supported the Kendall submission in respect of surgical elastic stockings. The spokesman for the Institute said that the Board, in considering the adoption of the Jobst proposal, should exercise great care in the wording of any duty-free item. Such an item should be based on the custom-made prescription feature of the Jobst product, and not be expressed in words that could be applied to factory-produced products for which the Board might not have intended to recommend duty-free entry.

The Jobst Institute did not consider its products to be in competition with the standard, ready-made elastic stockings of the Kendall Company for the following reasons:

- (a) Ready-made supports were not suitable for the treatment of gross swelling of the extremities, while Jobst supports were, because of the built-in higher counter-pressure;
- (b) The ready-made supports were confined to stockings, while the Jobst Institute, in addition, made sleeves for the arm, and waist-high and breast-high garments;
- (c) Bauer & Black supports (the Kendall Product) are shelf-articles, available in drug stores to anyone, while Jobst supports are available only on prescription;
- (d) The Kendall product is a stock, factory-produced article, while Jobst supports are custom-made for individuals.

The Jobst Institute submitted twenty letters from doctors on the usefulness of the support and the advantage of duty-free entry. Duty-free entry for Jobst supports was also requested by the Canadian Medical Association, which listed the Jobst supports among the many products not made in Canada and used in the rehabilitation of handicapped individuals. The Board also received a letter of support for the request of the Jobst Institute from Dr. T.E. Hunt, head of the Department of Rehabilitation Medicine of the University Hospital, University of Saskatchewan.

(5) Surgical drapes, foam pads and adhesive discs

One imported product mentioned specifically before the Board was a new type of surgical drape made of paper. Marketed under the trade name SURG-O-PAK, the drapes are manufactured from nylon-supported paper, four layers of which are bonded together and made water-repellent. The drapes are used as coverings for patients and tables, for example during operative procedures to separate sterile areas from non-sterile areas. The drapes, available in sterile packages, are used only once, thus contributing to the maintenance of sanitary conditions. Prices of paper drapes vary depending on the type of surgical procedure for which they are used. They range from \$1.60 to \$7.00 in U.S. funds, to which a 22½ per cent duty, the federal sales tax and the effect of the rate of exchange are added upon importation.

Disposable surgical drapes of paper are manufactured in Newark, New Jersey by Convertors Incorporated, a division of American Hospital Supply Corporation. The company estimated its share of the total Canadian market for all types of surgical drapes at only about 1.5 per cent because, it was claimed, the duty-enhanced price made the paper product uneconomical for general hospital use. Surgical drapes traditionally have been made from textile fabrics.

SURG-O-PAK operating room drapes are classified under tariff item 19900-1, as manufactures of paper, at rates of 17½ p.c., B.P. and 22½ p.c., M.F.N.

The basic paper material used to make surgical drapes is manufactured by the Kimberly-Clark company in the United States and marketed as KAYCEL. This kind of paper, or similar material, apparently is not produced in Canada. KAYCEL may be imported under tariff item 19700-1, at rates of 15 p.c., B.P. and 22½ p.c., M.F.N.

The manufacturer of disposable surgical drapes, Convertors Incorporated, proposed that duty-free entry be provided for "Surgical drapes of paper for use in hospital operating rooms."

In support of this proposal, the company said that there was evidence that disposable drapes, available in sterile packages, provided greater safety in operating procedures than re-usable drapes. In addition, economies could be effected by the elimination of laundering and sterilization after each use, as well as by the elimination of sorting, inspecting, mending, folding and storing.

The company's proposal could be met by the inclusion of "surgical drapes of paper for use in hospital operating rooms" in one of the existing hospital items, 47605-1 or 47610-1. Canadian hospitals, however, did not make such a proposal or support the company's request for duty-free entry. The Canadian Hospital Association repeatedly stated that "Canadian hospitals appear to be reasonably content with present Tariff arrangements."

Another group of imported medical products includes three plastic products manufactured by the Minnesota Mining and Manufacturing Company in St. Paul, Minnesota, and distributed in Canada by their Canadian subsidiary. Of these three products, the "STERI-DRAPE" surgical drapes and the "RESTON" foam pads are dutiable as manufactures

of synthetic resins, under tariff item 90800-1, at 15 p.c., B.P. and 20 p.c., M.F.N.

It might be noted that these surgical drapes are not the same as those of Convertors Incorporated, referred to above. The products made by the 3M company are sterile, pressure-sensitive, plastic surgical drapes. They are applied to the skin prior to surgery to form an impermeable plastic barrier to assist in maintaining the sterility of the wound area; the operating incision can be made through the drape. The "Reston" pads are pressure sensitive, self-adhering, plastic foam pads used for the prevention and treatment of pressure sores and for the padding of rehabilitation equipment and appliances.

The third product, the "STOMASEAL" adhesive disc, is used for attaching surgical appliances to the skin after certain surgical procedures. These discs may be entered duty-free under tariff item 47810-1.

A submission respecting these three products was received from the importer, Minnesota Mining and Manufacturing of Canada Limited. The company proposed the establishment of a new tariff item to provide duty-free entry for these three products, as well as for the three surgical adhesive tapes referred to previously. The item would be:

"Pressure sensitive adhesive surgical products utilizing a single ingredient synthetic polymeric adhesive of a kind not made in Canada."

As an alternative, the company proposed adding the following words to existing tariff item 47600-1: "plastic adherent surgical drapes for operating purposes ...", to provide for the free entry for the "STERI-DRAPE" surgical drapes.

In support of its request for the duty-free entry of these products, the company stated that they were not manufactured in Canada and were used in ministering to sick, injured, afflicted or handicapped persons. The spokesman for the company expressed the view that all materials used during the treatment of sick and injured persons undergoing surgical procedures and subsequent medical therapy should be available to the medical profession free of duty when of a kind not made in Canada. The company proposed that duty-free entry of such products should not be limited to use in public hospitals but be available for all treatment of sick or injured persons. The spokesman also said that, when of a kind made in Canada, the products should bear a "moderate" rate of duty, such as 20 per cent, to reflect the additional cost of manufacturing in Canada compared to other countries.

Effective March 30, 1966, "plastic surgical drapes for use during surgical operations", as well as articles and materials for use in their manufacture were exempted from the federal sales tax.

(6) Certain articles of equipment for the treatment of patients

B.C. Hollingshead Co., Toronto, Ontario, made representation to the Board in June, 1966, inquiring about the possibility of lowering the rates of duty on restraint, fracture and rehabilitation equipment imported by the company from the manufacturer, J.T. Posey Company of Pasadena, California.

Imports of \$25,000 a year were reported by the Canadian company, 50 per cent of which was entered under tariff item 54305-1, 35 per cent under item 56300-1 and 15 per cent under item 90800-1. Item 54305-1 provides for certain textile manufactures, at a rate of 25 p.c. under the B.P. and M.F.N. Tariffs. Item 56300-1 provides for certain textile manufactures, predominantly of man-made fibres, at rates of 20 p.c., B.P. and $27\frac{1}{2}$ p.c., M.F.N. Item 90800-1 provides for manufactures of synthetic resins, at rates of 15 p.c., B.P., and 20 p.c., M.F.N.

The safety belts, restraint equipment, fracture equipment and rehabilitation equipment of the Posey Company were said to have been in general use in hospitals and nursing homes throughout the United States and Canada since 1937. The company stated that these goods were not manufactured in Canada and that they warranted inclusion in a duty-free provision for hospital and rehabilitation products.

Another imported product, the turning frame, is used mainly in hospitals, since a patient requiring this device is usually under intensive care in a hospital. The frame is used to facilitate handling the patient under certain conditions. Duty-free entry was requested for the Stryker Wedge Turning Frame by the manufacturer, the Stryker Corporation, of Kalamazoo, Michigan. The price of the new Model 124 was quoted at \$522 in Canadian funds, including the duty of $22\frac{1}{2}$ per cent.

The frames are usually dutiable according to component material of chief value; they may be entered under the following tariff items:

36215-1: Nickel-plated ware, gilt or electro-plated ware,
(362c) n.o.p.

15 p.c. $22\frac{1}{2}$ p.c. 45 p.c.

44603-1: Manufactures, articles or wares, of iron or steel or
(446a) of which iron or steel or both are the component
materials of chief value, n.o.p.

10 p.c. $22\frac{1}{2}$ p.c. 35 p.c.

The turning frame may incorporate a hydraulic mechanism as an optional accessory. With this mechanical feature, the turning frame may be admitted duty-free under tariff item 69605-1 for hospitals as "mechanical equipment of a class or kind not made in Canada". Thus, the addition of some motive power has the effect of reducing the cost of the frame to the approved institutions because of the elimination of duty and federal sales tax.

The company requested that the turning frames be admitted free of duty under tariff item 69605-1 as mechanical equipment of a class or kind not made in Canada. (Vol. 2, p. 295) No specific proposal was made as to how this classification was to be effected for those frames not now admitted under the item.

The Sierracin Corporation of Sylmar, California, U.S.A. requested reclassification of the Sierracin Cradle Warmer Incubator from item 44524-1 where, as electrical apparatus, it bears rates of 15 p.c., B.P. and 22½ p.c., M.F.N., to tariff item 47605-1 where it could be entered duty-free. This latter classification was declared to be correct by the Tariff Board in Appeal No. 818, by the Montreal Children's Hospital, decided by the Board March 11, 1966. The cradle warmer, as manufactured by the Sierracin Corporation of Sylmar, California, is a precision radiant heater, designed to maintain the body temperature of an infant continuously and accurately at the optimum temperature most conducive to health and survival.

X-Ray and Radium Limited of Don Mills, Ontario, imports some diagnostic and therapy equipment and manufactures some in Canada. The equipment of interest to the company includes, for example, X-ray equipment, electrocardiographs, electroencephalographs, multi-channel diagnostic recorders, stethoscopes and shock therapy equipment. Most of this equipment was said by the company to qualify for entry under tariff items in this Reference. Much of it also has uses outside of public hospitals. The company informed the Board that: "After seriously considering this matter, it would appear that no immediate changes are desirable in the tariff items under review."

(7) Articles of hospital capital equipment

The products noted in part (6) above are articles of capital equipment used directly in the treatment of patients. Other products of a capital nature, brought to the Board's attention, are used, not directly for the care of the patient, but for the operation of the hospital. Articles of capital equipment, apart from some laboratory apparatus and some mechanical equipment of a class or kind not made in Canada, normally are not admitted under tariff item 69605-1. The proposals would provide duty-free entry for the specific articles of equipment which were the subject of the submissions.

Duty-free entry was requested for tin-lined brass pipes, fittings, valves and faucets, used in the distribution of pure water. The equipment is manufactured by Barnstead Still and Sterilizer Company in Boston, Mass. and is used mainly by hospitals, universities and scientific research institutions. The company's Canadian sales were said to have been increasing in the past years and, in 1965, amounted to about \$350,000, the dutiable portion being approximately 25 per cent.

The parts of such distribution system, namely tin-lined brass pipes, fittings, valves and faucets, are at present dutiable as manufactures of brass or copper under tariff item 35200-1, at 20 p.c. under both the B.P. and M.F.N. Tariffs.

The Barnstead Still and Sterilizer Company proposed that parts of distribution systems for pure water, such as tin-lined brass pipes, fittings, valves and faucets be admitted free of duty under tariff item 69605-1 when used for the distribution of distilled water in hospitals, universities and educational institutions.

In support of this proposal, the spokesman for the company stated that water stills and storage tanks are allowed into Canada free of duty under tariff item 69605-1 when for the use of the institutions listed. The distribution system, which is an integral part of a distilled water system, however, is dutiable at an M.F.N. rate of 20 per cent. These products are not manufactured in Canada and the limited application and small volume required would make unlikely the necessary investment by a Canadian manufacturer to produce this specialized material.

Water stills may be entered free of duty at present for public hospitals under tariff item 47605-1 under the provision for "apparatus for sterilizing purposes ...". For other institutions, such as university and research laboratories, the stills may be entered under 69605-1 as "scientific apparatus". However, the storage tanks are dutiable when they are separate articles. They may be entered free of duty only if they are attached to the stills. Tariff items 47605-1 and 69605-1 do not contain a provision under which the distribution system for distilled water would be allowed entry.

Automatic pneumatic tube systems are used by hospitals to carry messages and samples from one point to another within a building. The systems are used in industry but the major market apparently is hospitals; Grover Transitubes of Canada Limited, an importer of the tube systems and their components, estimated that 75 per cent of the company's sales are to hospitals. There are other suppliers of imported tube systems.

Grover Transitubes imports the products, for hospital use, free of duty as mechanical equipment under tariff items 69605-1 and 69610-1. The company requested the maintenance of these tariff items in their present form. In support of this proposal the company stated that none of the equipment it currently imports from the United States has any counterpart manufactured in Canada and, therefore, the imposition of duty would not serve to protect domestic industry.

When imported for industrial installations, the components may be entered as fittings and couplings of iron or steel under tariff item 40000-1, at rates of 15 p.c., B.P. and 20 p.c., M.F.N., or as manufactures of iron or steel under item 44603-1, at rates of 10 p.c., B.P. and 22½ p.c., M.F.N.

Red Comet Associates Limited, Montreal, Quebec, by letter of November 25, 1965, expressed interest in duty-free entry for a surgical emergency power conversion unit designed for use as an emergency power supply for operating rooms. The system, especially designed for this purpose, was said to cost considerably more than the conventional emergency power systems but the advantages in its design were regarded as sufficient to offset this differential, at least for use in the larger hospitals.

Red Comet Associates reported that it could not undertake the manufacture of the equipment in Canada but had arranged for its manufacture in the U.S.A. The company requested duty-free entry for the equipment.

David R. Beattie Limited, Port Credit, Ontario, wrote to the Board in February, 1966 that it had been importing for about six years RF Shielded Enclosures for use by hospitals, schools, universities and others. The company reported that four other competitive brands also were being imported. Shielded enclosures were said to be increasingly used by hospitals and other institutions which had substantial electronic instrumentation; the shields are used, for example, in hospital operating theatres.

David R. Beattie Limited considered that production of shielded enclosures might be feasible in Canada before very long and that only those products which are not obtainable from Canadian manufacture should be admitted duty-free under tariff item 69605-1.

(B) Products used for personal rehabilitation

Many of the products used by individuals as a means of aiding their own rehabilitation are also used in hospitals and other institutions in the treatment of patients. The representations made on some of these products quite naturally took into account the substantial market for the articles which is represented by the institutional purchases. One of the proposals on wheelchairs, for example, expressed in terms of a revision to tariff item 69605-1, had in mind the use of wheelchairs in public hospitals.

(1) Wheelchairs, other ambulatory aids and chairs for invalids

Representations concerning wheelchairs and other invalid chairs were received from Colson (Canada) Limited, Cooksville, Ontario and from the Canadian Medical Association. Among the companies approached by the Board for information after the public hearing, the following replied: Everest & Jennings Canadian Ltd., the McFarlane Gendron Manufacturing Company Ltd., both of Toronto, Ontario and Austenal Canada Ltd., Guelph, Ontario.

As far as the Board is able to determine, wheelchairs are manufactured in Canada at present by Everest & Jennings Canadian Ltd., and The McFarlane Gendron Manufacturing Company Ltd.⁽¹⁾ Prior to 1963 wheelchairs were manufactured in Toronto by Johnson Wheel Chair Manufacturing Limited, whose assets were acquired in that year by Everest & Jennings, Inc. of Los Angeles, said to be the manufacturer of the widest selection of wheelchairs in the world. By the end of 1965, Everest & Jennings Canadian Ltd. manufactured some 20 different types of standard wheelchairs, and intended to commence the assembly of a power-driven type as well. In addition to wheelchairs, the Canadian company also manufactures other invalid chairs such as commodes, and various other rehabilitation equipment such as walking aids; these other articles account for only a small portion of the company's total output. Believing itself to be the only Canadian wheelchair manufacturer, the company claimed to have supplied about 80 per cent of the Canadian market for wheelchairs in 1965, the rest being supplied by imports.

(1) In the 1967 edition of the Canadian Trade Index, under "Chairs, Invalid (Rolling and Carrying)", one other manufacturer is listed: Amco Products (Canada) Limited, Toronto.

The McFarlane Gendron Manufacturing Company Ltd. stated that it has been manufacturing wheelchairs in Canada for the last 50 years. The company had only been producing a restricted line of wheelchairs up to 1963; then for two years it reduced its manufacture further and concentrated on importing and selling wheelchairs of the Gendron Wheel Company of Perrysburg, Ohio, but late in 1965 it began again to develop and manufacture in Canada a wider variety of wheelchairs.

In addition, wheelchairs and other invalid chairs are imported for sale by a number of distributors such as Colson (Canada) Limited which distributes in Canada invalid wheelchairs for Mobilaid Inc. of Elyria, Ohio, and Austenal Canada Ltd., distributing wheelchairs made by The Gendron Wheel Company in the U.S.A.

The Canadian market for wheelchairs was estimated by Colson (Canada) Limited at around 6,000 chairs per annum or about one wheelchair for every 3,000 people. On the basis of this estimate and other available information, it appears that sales of wheelchairs now have a value in excess of \$600,000 a year. Colson's experience was that non-motorized chairs outsell motorized, perhaps in the ratio of three hundred to one.

According to estimates by Everest & Jennings Canadian Limited, between 50 and 75 per cent of all wheelchairs sold in Canada are purchased by the institutions entitled to the benefits of tariff item 69605-1, mainly hospitals. Information available to the Board indicates that, while the Canadian market was supplied mainly from imports in 1963, the majority of wheelchairs sold in 1965 came from domestic manufacture.

The main source of imports has always been the United States; other sources in 1966 were the United Kingdom and West Germany.

There are many varieties of wheelchairs. The unmotorized chairs imported and distributed in Canada by Colson range in price from \$53 to \$282 in U.S. funds, to which exchange and 10 per cent duty are additional. Wheelchairs made in Canada by Everest & Jennings are priced from \$90 to \$470. Motorized wheelchairs sell for over \$700. Wheelchairs are exempt from federal sales tax.

Wheelchairs may be entered under the following tariff items:

48005-1: Invalid chairs with wheels; invalid chairs designed to be
(480a) used with wheels; parts of the foregoing including motive power and wheel assemblies and parts thereof

Free	10 p.c.	15 p.c.
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69605-1: ... mechanical equipment of a class or kind not made in
(696(1)) Canada; ...
(in part)

Free	Free	Free
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Most wheelchairs are imported under tariff item 48005-1. Some powered wheelchairs may be entered under tariff item 69605-1 for the use of hospitals or other institutions entitled to import under the item. Other invalid chairs such as commodes (without wheels) may be entered as furniture, under item 51902-1, at 15 p.c., B.P. and 25 p.c., M.F.N.

Colson (Canada) Limited proposed that:

1. Tariff item 69605-1 be amended to include "... invalid wheelchairs of all kinds;"
2. Tariff item 69610-1 be maintained.

The Canadian Medical Association would include wheelchairs and other invalid chairs, of a class or kind not made in Canada, duty-free in its proposed new end-use item referred to in an earlier section.

Everest & Jennings Canadian Ltd. proposed that the present M.F.N. duty of 10 per cent be continued on wheelchairs.

The McFarlane Gendron Manufacturing Company Ltd. requested that the present rates of duty on wheelchairs remain unchanged.

Austenal Canada Ltd. provided information requested by the Board but did not make any proposal concerning wheelchairs.

Colson (Canada) Ltd. stated, in support of its proposal, that at present the more expensive, motorized wheelchairs are allowed free entry under tariff item 69605-1 as "mechanical equipment of a class or kind not made in Canada" for the institutions entitled to benefit under the item; however, wheelchairs, without motor power, for which there is much greater demand, are dutiable for all users under tariff item 48005-1, at 10 per cent from M.F.N. sources. In support for the maintenance of tariff item 69610-1, the company's brief stated that while the company had no immediate plans to manufacture wheelchairs in Canada, it had recently built and occupied large manufacturing premises in Cooksville, Ontario, and looked to the possibility of producing invalid chairs. It wanted, therefore, to retain item 69610-1 in order to secure imported materials duty-free for use in the manufacture of invalid chairs. It was prepared to accept duty-free entry of wheelchairs when the company began manufacture in Canada as long as materials were admitted duty-free. The company spokesman expressed the view that wheelchairs could be made in Canada as economically as in the U.S.A.

The Canadian Medical Association, in support of the proposed free entry for wheelchairs and other invalid chairs, stated that, for paraplegics, quadriplegics, other types of paralytics and certain amputees, a wheelchair is the only means of mobility and, therefore, an essential adjunct to independence. The spokesman for the Association said that while some types of wheelchairs were manufactured in Canada, they were often inadequate for rehabilitation purposes or permanent use and did not feature special modifications or accessories. In its submission, the Association stated:

"In some cases of quadriplegia, where there may be no movement whatsoever in the upper and lower extremities, or only minimal motion in one or more fingers, the patient's only means of mobility may be an electric wheelchair ... Some types of standard wheelchairs are manufactured in Canada but, while they can be used for elderly or convalescent patients or temporary disablements, they are often inadequate and less durable for rehabilitation purposes or permanent use ..." (Vol. 1, p. 16)

Everest & Jennings Canadian Ltd. stated, in support of its proposal to have the present M.F.N. duty of 10 per cent continued on wheelchairs, that the company considered the duty both adequate and necessary to protect its Canadian operation because costs were about that much higher in Canada than in the U.S.A., owing chiefly to the higher material costs and a lower volume of production. The spokesman for the company pointed out that its production in Canada resulted in some saving to Canadian users of Everest & Jennings wheelchairs because the company currently sells the Canadian-made wheelchairs at a lower price than the parent company had been selling its chairs.

In a letter received after the public hearing, in support of the request for the continuation of the present rates of duty on wheelchairs, the McFarlane-Gendron Manufacturing Company Ltd. stated:

"Our three chief competitors are the Gendron Wheel Company (Austenall Canada Limited), Everest & Jennings (Canada) Limited and Colson Canada Limited. All of these companies have large American manufacturing facilities, and it is very difficult to compete with them, as it is, without having wheelchairs come in 'duty free'."

Preparation of the brief of the Canadian Medical Association was started well in advance of the public hearing on Reference 134. At the hearing, the spokesman for the Association admitted that, in the meantime, some companies might have begun manufacture in Canada. If wheelchairs were ruled to be "of a class or kind made in Canada", they no longer would qualify for entry under the Association's proposed item.

The implementation of Colson's proposal would result in the duty-free importation of "invalid wheelchairs of all kinds" under tariff item 69605-1 by hospitals and institutions; these are estimated to comprise between 50 and 75 per cent of the total Canadian market for wheelchairs.

It may be noted that tariff item 48005-1, which provides for wheelchairs, is unusual in that under it a duty is collectible for a named type of rehabilitation equipment whereas other similar items allow free entry for such products under both the B.P. and M.F.N. Tariffs. None of the proposals would provide unconditional duty-free entry for wheelchairs.

In addition to wheelchairs, commode chairs and ambulatory aids and equipment, such as walkers and their accessories, were brought to the attention of the Board.

The ambulatory aids and self-help devices are dutiable under a number of general tariff items. For example, walkers of aluminum are dutiable under tariff item 35400-1 as "manufactures of aluminum, n.o.p." at rates of 15 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N. Similarly, those of steel are dutiable as manufactures of iron or steel under tariff item 44603-1, at 10 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N. Commode chairs with wheels may be entered under the provisions of item 48005-1, Free, B.P. and 10 p.c., M.F.N., whereas those without wheels may be dutiable as furniture under tariff item 51902-1, at 15 p.c., B.P. and 25 p.c., M.F.N.

The end-use item proposed by the Canadian Medical Association was intended to provide duty-free entry for all such goods when of a class or kind not made in Canada.

According to representations received after the public hearing, Everest & Jennings Canadian is now producing in Canada two kinds of walkers made of metal and could very readily supply all such walkers required in Canada. The company said in a letter to the Board in April, 1966 that:

"As there is a very limited market for walkers in Canada, our production costs are relatively high, however, and I believe we will continue to require protection of the duty, which is presently 22½% ..."

(2) Wooden crutches and canes

The Canadian Medical Association included crutches of all kinds (wooden and metal) as well as canes and their accessories in its proposed end-use item which would provide duty-free entry for such goods when of a class or kind not made in Canada.

After the public hearing the Board received representation concerning wooden crutches from Keenan Woodenware Limited of Owen Sound, Ontario. This submission was one of a few responses to Circular No. 3639 of the Canadian Manufacturers' Association, requesting additional information from manufacturers believed to be adversely affected by duty-free imports under the tariff items reviewed in Reference 134.

Keenan Woodenware Limited of Owen Sound, Ontario, informed the Board that in 1963 it started to manufacture wooden crutches for sale in Canada and for possible export. The company manufactures two types of hardwood crutches to government specifications which are generally accepted in the medical and hospital fields: a so-called split crutch in a variety of sizes, and an adjustable wooden crutch. The company estimated the annual value of the Canadian market for wooden crutches to be in the neighbourhood of \$40,000 and, believing itself to be the only Canadian manufacturer of wooden crutches, claimed to have supplied a substantial part of the market in 1965. (1)

Keenan Woodenware Limited stated that the main source of competition in this field was from U.S. manufacturers because they can sell their crutches in Canada free of duty and, the company claimed, "at a price that is simply not high enough to enable us to continue with the manufacture of this product. We have under serious consideration the dropping of the manufacture of the whole line ..."

In its submission, Keenan Woodenware Limited said that:

(1) The 1967 edition of the Canadian Trade Index lists the following three manufacturers under "Crutches": Acme Artificial Limb Company Limited, Toronto; Black's Harbour Manufacturing Co. Limited, Black's Harbour, N.B.; and Keenan Woodenware Limited, Owen Sound, Ont.

"The imposition of a duty at least equal to that of the United States would enable us to obtain a larger return for our product in Canada and justify continued manufacture even if export sales were still precluded."

The duty on crutches entering the United States, 16.6 per cent, was cited by the company as a limiting factor to the expansion of its operation by export. The company expressed its support for protection in the following terms:

"In order to sell at least part of the Canadian market it was necessary for us to produce a markedly superior crutch at the same or lower price as those imported, and in view of the fact that our market was fairly limited ... in Canada and none at all in the United States, our volume is restricted to the point where we could not hope to achieve the low cost of long established manufacturers in the United States with their wide market ..."

Total imports of crutches, both wooden and metal, in 1963, amounted to about \$50,000, almost all from the U.S.A.; metal crutches apparently are not available from Canadian manufacture.

The wholesale price of the crutches made by Keenan Woodenware Limited ranges from \$15 to \$18 per dozen pair, for split crutches, and from \$22 to \$25 per dozen pair for adjustable crutches. These wholesale prices were in effect at the time of the hearing. Crutches are exempt from federal sales tax. Crutches may be entered at present under the following tariff item:

48000-1: Crutches or specially constructed staffs for cripples
(480)

Free

Free

Free

Canes, including white canes for the blind, are dutiable under tariff item 51100-6 at 20 per cent under both the B.P. and M.F.N. Tariffs. Accessories for canes and crutches are dutiable according to component material of chief value. These accessories include rubber tips, ice-grips of steel and similar articles.

The Canadian Medical Association's proposed item might be expected to permit crutches, canes and their accessories to be entered duty-free when of a class or kind not made in Canada. Crutches, however, presumably would continue to be entered duty-free under tariff item 48000-1, without reference to Canadian production, and canes would continue to be dutiable at 20 p.c. under tariff item 51100-6. With respect to these goods, therefore, the item as worded in the proposal by the Canadian Medical Association would have little effect unless the existing more specific provisions were deleted. The Association's spokesman said that simple wooden canes are produced in Canada in substantial quantities, but other canes, such as metal, adjustable, folding and telescopic, are not.

(3) Artificial limbs

The Canadian Medical Association informed the Board that artificial limbs of the conventional type are manufactured in Canada,

but components and joints are not.⁽¹⁾ Published statistics indicate that shipments of artificial limbs manufactured by companies classified in the "orthopaedic and surgical appliance manufacturers" industry amounted to \$553,000 in 1963, \$584,000 in 1964 and \$577,000 in 1965. Imports of artificial limbs duty-free under tariff item 47805-1 are estimated to supply something over 10 per cent of the market and imports of components and parts, duty-free under tariff item 47815-1, are thought to be somewhat smaller in value than imports of artificial limbs.

"Special artificial limbs" was one of the several categories of rehabilitation equipment listed by the Canadian Medical Association as not made in Canada and qualifying for duty-free entry under the Association's proposed new end-use item. The example cited was the bio-electric controlled prosthesis developed and made in Russia. Also mentioned were special components and parts such as bio-electrical and carbon dioxide muscles, certain motors, limb joints, plastic cosmetic gloves and artificial hands.

(4) Incontinence equipment

The brief of the Canadian Medical Association included incontinence pads in a list which was intended to describe only products of a class not made in Canada. By implication, the Association's brief sought free entry for these goods. However, a brief was received in opposition to this suggestion from four companies in the surgical dressings industry. The companies were:

The Kendall Company (Canada) Limited, Toronto, Ont.
 Johnson & Johnson Limited, Montreal, Que.
 Smith & Nephew Ltd., Lachine, Que.
 Texpack Limited, Brantford, Ont.

The industry brief pointed out that incontinence pads were now made in Canada by members of the industry, and for that reason the industry opposed free entry of the goods in question. However, the Board understands that the pads that are made in Canada are those for the bed and not those worn by handicapped persons.

When the existence of Canadian production of incontinence pads was drawn to the attention of the Canadian Medical Association, the representative of the Association asked that the reference to incontinence pads be completely removed from its brief. (Vol. 1, p. 75)

There is no tariff item under which incontinence pads are designated by name. It is understood that these articles usually are entered under a tariff item descriptive of their composition. As such they would usually be subject to M.F.N. rates of duty of from 20 to 25 per cent.

(1) The 1967 Canadian Trade Index lists the following manufacturers, under "Artificial limbs": Acme Artificial Limb Company Limited, Toronto; Anderson's House of Orthopedic Appliances Ltd., Winnipeg; Calgary Artificial Limb Factory, Calgary; Canada Limb and Brace, Ltd., Edmonton; Dew Superior Artificial Limbs, Toronto; Edmonton Artificial Limb Company Ltd., Edmonton; J.E. Hanger of Canada Limited, Toronto; Allan R. Menzies & Sons Limited, Fredericton, N.B.

A number of other special articles of apparel are used by incontinent persons. These are understood not to be available from Canadian manufacture. Examples of these articles, together with their present tariff provisions are: plastic, rubber and rayon tricot pants (lined) which are dutiable, respectively, under tariff items 90800-1 at 15 p.c., B.P. and 20 p.c., M.F.N., 61905-1 at 22½ p.c., B.P. and 27½ p.c., M.F.N. and item 56805-1 at 20 p.c., B.P. and 35 p.c., M.F.N. Retention catheters and urinary collection devices, leg bags and accessories are duty-free, the former under tariff item 47600-1, the others under item 47810-1.

These articles, when not made in Canada, would come within the scope of the duty-free end-use item proposed by the Canadian Medical Association.

(5) Speech aids

The Montreal Laryngectomy Group, organized for individuals whose vocal cords have been removed by surgery, requested duty-free entry for apparatus to be used in acquiring, developing and amplifying oesophageal speech. The Group estimated that of the several hundred Canadians undergoing laryngectomy annually, 64 per cent will speak entirely with oesophageal voice, a speech technique developed about the year 1950, which involves no direct use of apparatus. In developing and using such speech, however, equipment is used, purchases of which in Canada might total \$75,000 to \$100,000 a year. This equipment includes, for example, tape recorders, amplifiers, vibrators, batteries, still and movie projectors.

These goods are dutiable at various rates of duty under a number of tariff items of general scope. For example, tape recorders, amplifiers and vibrators are dutiable as electric apparatus under tariff item 44524-1 at 15 p.c., B.P. and 22½ p.c., M.F.N.; batteries, under the general provision for batteries of item 44512-1, at 15 p.c., B.P. and 22½ p.c., M.F.N.; still picture projectors, without sound equipment, under tariff item 46300-1, at Free, B.P. and 15 p.c., M.F.N. and with sound, under item 46310-1, at 10 p.c., B.P. and 15 p.c., M.F.N.; motion picture projectors, with or without sound equipment, under item 46305-1, at Free, B.P. and 15 p.c., M.F.N. Duty-free provision is made in tariff item 48600-1 for the artificial larynx which can be used after some laryngectomies.

The Montreal Laryngectomy Group proposed the broadening of the scope of existing item 48600-1 in the following manner:

"Artificial larynges and any apparatus for use in acquiring, developing and amplifying oesophageal speech, and necessary articles to be used with such units

Free

Free

Free."

In support of this proposal, the Group said:

"Almost two decades before the above-mentioned technique became well known, the Canadian government had recognized the plight of the laryngectomees by incorporating in the Customs Tariff, item 486 which provides for artificial larynges. The restoration of artificial speech is very important for the rehabilitation of laryngectomees, the acquisition, development and amplification of oesophageal speech are equally important, and enhance their chance of winning back, keeping, and even improving their pre-operation position in the business and social fields ...

"Because of various factors, ranging from volume to lower cost of production, the apparatuses or instruments covered by our proposal could be imported at a lower cost than comparable Canadian produced articles (when so produced in Canada), if customs duty were eliminated ..."

(Vol. 2, p. 223-4, 240)

Existing tariff item 48600-1, providing duty-free entry for artificial larynges, does not provide for the batteries necessary to operate these devices; the batteries, like the larynges, apparently are not available from Canadian manufacture. The proposed phrase "any apparatus ... and necessary articles ..." was intended to broaden very appreciably the duty free provision to benefit those afflicted persons who do not use artificial larynges and who, therefore, receive no relief under existing item 48600-1.

(6) Other products listed by the Canadian Medical Association

The Canadian Medical Association listed a number of important types of equipment used by hospitals, rehabilitation centres or individuals at home which have more general uses as well. Many of these articles are not made in Canada. These goods may be considered under the following general headings:

(a) Car driving equipment

Among the most important of these are manual controls to facilitate the operation of cars by physically disabled persons.

Certain auxiliary driving control kits, when of a class or kind not made in Canada, may be entered duty-free under tariff item 43806-1, and when of a class or kind made in Canada, at 17½ p.c., M.F.N. under item 43807-1. Some other equipment is entered under item 43829-1 as automobile parts, Free, B.P. and 25 p.c., M.F.N.

(b) Self-help devices

These include elevated and other special toilet seats, non-skid materials for flooring and bathtubs, wall grab bars, bath seats, and shower benches and chairs.

Such goods are entered under a number of tariff items including principally items 28900-1, 35400-1, 44603-1 and 61900-1. Typically the rates are from 10 p.c. to 17½ p.c., B.P. and 20 p.c. to 22½ p.c., M.F.N.

(c) Bedroom equipment and aids

These include electric or hydraulic patient lifters, alternating pressure mattresses, oscillating beds, overhead bars and overbed tables.

Some of these goods, if of a class or kind not made in Canada, may be entered Free, B.P. and at $7\frac{1}{2}$ p.c., M.F.N., principally under tariff item 42720-1. Other articles are dutiable at 10 p.c. or 15 p.c., B.P. and at 20 p.c. or $22\frac{1}{2}$ p.c., M.F.N. under items 35400-1, 44603-1 and 90800-1.

(d) Eating, writing, reading and dressing devices and aids

These articles include feeders, special eating utensils such as special knives, spoons and drinking cups; most of these goods are dutiable at rates of 15 p.c., B.P., and 20 p.c., $22\frac{1}{2}$ p.c., or 25 p.c., M.F.N. under tariff items 35400-1, 42904-1, 42905-1, 44603-1 and 90800-1.

Electric typewriters, as an aid to those for whom writing has become difficult, also were noted; they are dutiable under tariff item 41400-1 at Free, B.P., and 20 p.c., M.F.N.; parts of typewriters are dutiable under tariff item 41405-1 at Free, B.P., and $7\frac{1}{2}$ p.c., M.F.N.

Reading aids such as powered book-page turners, ceiling projectors for reading and prismatic glasses are chiefly dutiable at Free, B.P. and $7\frac{1}{2}$ p.c., M.F.N., if of a class or kind not made in Canada and otherwise at Free or 20 p.c., B.P. and 15 p.c. or 20 p.c., M.F.N. under tariff items such as 32700-1, 42720-1 and 46300-1.

A number of dressing and grooming aids specially designed for the handicapped, for example, brushes, reaching tongs, stocking holders and shoe horns are dutiable under general descriptions in the Tariff at rates of 10 p.c. or 15 p.c., B.P. and 20 p.c. or $22\frac{1}{2}$ p.c., M.F.N., or in some instances at higher rates.

The types of equipment mentioned above, when of a class or kind not made in Canada, would come within the scope of the duty-free end-use item proposed by the Canadian Medical Association.

(C) Office equipment for treating patients

Some articles of equipment used by public hospitals are used even more extensively in the offices of doctors, dentists or others for the treatment of patients or in the preparation of aids for the afflicted. Some other articles, used in the private treatment of patients, do not find any appreciable use in public hospitals.

A number of proposals were made that these articles of equipment should, like the equipment used by public hospitals, be admitted free of duty. Thus, it was urged, by reducing the cost of the equipment to the practitioner, the cost of treatment would be reduced for the patient, or the patient would receive better medical service because

the practitioner could buy more and better equipment. It was not suggested that any reduction in cost of equipment would serve to increase the personal income of the practitioner.

As is noted in the Summary and Conclusions to this report, the Board does not find so direct and certain a public benefit from a reduction in costs to the private practitioner as it finds when the reduction is bestowed upon a public institution. The representations discussed in this part (C), all concerned with administering to the afflicted, illustrate the difficult problem of determining how far the provisions for duty-free entry should extend.

(1) Ophthalmic refracting and treatment chairs, instrument stands and combination units

This equipment was the subject of a submission by The American Optical Company Limited, Belleville, Ontario. The company does not manufacture ophthalmic chairs and stands in Canada but distributes the products made by its U.S. parent.

The submission was opposed, after the hearing by The Imperial Optical Company Limited, Toronto, the only known manufacturer of these products in Canada. Imperial Optical is a wholly-owned Canadian company, established in 1900 which employs some 1700 persons in three manufacturing plants in Toronto and in 103 branches in almost all cities in Canada from coast to coast. The company stated that it has been manufacturing optical chairs and stands in Canada for about 30 years and believes it has supplied the majority of such installations in professional offices throughout the country. The company also acts as a distributor of optical chairs and units for foreign manufacturers such as American Optical, Bausch & Lomb, and the Koenigkramer Company.

Production by Imperial Optical Company has a large Canadian content. Most of the required materials are produced domestically and the company makes, or contracts to have made in Canada, basic forgings and other shapes that form the main component pieces of the chairs.

The total Canadian market for ophthalmic chairs, instrument stands and combination units was estimated by the American Optical Company Canada Limited to be of the order of \$350,000 per annum. Of this, the company's share was said to be \$140,000, all of which is imported. Imperial Optical estimated the annual Canadian requirement of these products at only \$167,000. Allowing for the production by Imperial Optical, the imports of American Optical equipment, as well as other imports, the market would seem to be at least \$250,000. Although the annual requirement of chairs is not great, Imperial Optical is engaged in a more complete manufacturing operation than are some of the other companies which made representations and whose operations in Canada consist essentially of the assembly of imported components and the testing, inspecting and packaging of the finished product.

Prices in Canada in 1965 for the combination units (ophthalmic chair and instrument stand) manufactured by American Optical in the U.S.A. ranged from \$3,190 to \$3,866; one combination listed in Canada at \$3,785 was selling in the U.S.A. for \$3,200. Prices for the products of Imperial Optical appear to be considerably lower. The company submitted the following prices:

Optical Chairs and Stands, Canadian and U.S. Prices	
<u>Imperial Optical</u> Selling Prices to <u>Canadian Optometrists</u>	<u>American Optical</u> Selling Prices to <u>U.S. Optometrists</u>
(Canadian dollars)	

Hydraulic refracting chair	\$ 775	\$ 994
Motorized refracting chair	1,295	1,645
Hydraulic instrument stand	825	989

It appears from the above table that the combined prices of a chair and stand manufactured by Imperial Optical in Canada would range from \$1,600 to \$2,120. The prices in the U.S.A. of those made in the U.S.A. by American Optical range from \$1,983 to \$2,634, when converted to Canadian dollars. American Optical listed its lowest-priced combination unit for Canadian optometrists at \$3,190 in Canadian funds.

Ophthalmic refracting and treatment chairs, instrument stands and combination units are dutiable according to component material of chief value, which is usually steel; in these cases, rates of 10 p.c., B.P., and 22½ p.c., M.F.N., under tariff item 44603-1, apply.

The American Optical Company Canada Limited proposed that a new tariff item be established to provide duty-free entry for ophthalmic equipment, worded as follows:

"423b - Ophthalmic refracting and treatment chairs, instrument stands, combination units and parts thereof

Free	Free	35%"
		(Vol. 6, p. 1114)

The Imperial Optical Company Limited, in correspondence with the Board after the public hearing, opposed the above proposal and requested that the existing rates of tariff item 44603-1 be maintained.

In support of its proposal, American Optical stated that dental and chiropody chairs, which may be entered free of duty (under tariff items 42300-1 and 42305-1, respectively), are almost identical with ophthalmic chairs. As a result of their duty-free entry, these chairs are cheaper and, because neither their design nor the wording of the tariff items limits their use to members of the professions concerned, they may be sold to others, such as optometrists. The company suggested that optometrists who wanted to use the chairs specifically designed for their use were severely penalized by the higher price. In the company's view the tariff treatment accorded to ophthalmic equipment was inequitable compared to that accorded other professional equipment such as dental and chiropody chairs.

Duty-free entry of dental chairs was introduced under tariff item 42300-1 in 1955; previously, under item 446a, the M.F.N. rate had been 27½ p.c. and a rate of 25 p.c. existed under the U.S. Trade Agreement. A report on dental supplies by the Combines Investigation Branch, Department of Justice, in 1947, had noted that:

"duties of customs have assisted in the promotion of the undue advantage of members of the combine alleged to exist among the firms associated in the Canadian Dental Trade Association ..."
(p. 84)

Tariff item 42305-1 was introduced in 1959 to provide duty-free entry for chiropody chairs, as requested by the Canadian Podiatry Association.

Equipment used by dentists and chiropodists is said to be manufactured of the same material as ophthalmic chairs and stands and to be very similar, though differing somewhat in design. Each has the same function: to facilitate the examination and treatment of physical ailments, the only difference being in the part of the human body concerned.

This contention was challenged by Imperial Optical which argued that the chairs were distinctly different and that the alterations necessary to convert a dental chair or unit into an optical chair or unit would be costly.

Apparently, the basic difference between dental and optical chairs is in the design of the foot portion of the two: the dental chair has a very much longer footrest than does the optical chair. The dental chair is designed to permit the patient to recline while the dentist is working on the teeth. The optical chair, which will recline for certain surgical or testing procedures, is designed to have the patient generally sit upright with feet straight down. The footrest portion is therefore deeper than that of the dental chair and, in its lowest position, its seat is farther from the floor than that of a dental chair.

Imperial Optical also disputed the claim that optometrists are severely penalized by higher prices for equipment and observed that they paid hundreds of dollars less for equipment made in Canada than did their American counterparts for equipment made in the U.S.A. The company contended that the elimination or reduction of the duty, therefore, would serve only to increase the competition faced by products made in Canada.

There was also a sharp difference of opinion between the two companies as to the "made-in-Canada" status of the chairs manufactured by American Optical in the U.S.A. and imported into Canada. American Optical claimed that its chairs and instrument stands were deemed to be "not made in Canada" for Customs purposes. The Imperial Optical Company pointed to the long-standing manufacture of very similar chairs and stands in Canada. The made-in-Canada status, while possibly of concern for other reasons such as assessment of dumping duty, was not directly in issue in the proposals of the two companies; neither proposal contained a distinction based upon the made-in-Canada status of the chairs and stands.

After the public hearing, in October and November, 1965, the Board received letters in support of the proposal of American Optical from the College of Optometry of Ontario, the College of Optometrists of the Province of Quebec, and from the Canadian Association of Optometrists. The Dean of the College of Optometry of Ontario wrote to the Board in the following terms:

"The problem of student procurement is a very real one since some 60 graduates should enter practice each year from the two Optometry Colleges whereas only 40 do enter practice. One of the deterrents to the achievement of this goal is the prohibitive cost involved in establishing a professional practice. A part of this cost is involved in the purchase of suitable equipment. It would seem equitable to treat the Profession of Optometry in the same manner as other Health Professions insofar as Tariffs on treatment equipment are concerned ... Because of the present inequality, as well as the great need for Optometrists across Canada, the College supports the presentation of the American Optical Company of Canada Limited and respectfully urges the Tariff Board to reconsider its position in this matter in order that the visual care professions may receive equal consideration with other Health Professions such as dentists, physicians and podiatrists."

The College of Optometrists of the Province of Quebec also supported "any request for exemption from the 22½% tax payable under item number 446a for ophthalmic equipment, examination chairs and instrument stands".

The Canadian Association of Optometrists similarly pointed to the inequitable situation and the unfair financial burden on optometrists as compared to the other health professions.

(2) Chiropractic adjusting tables

Duty-free entry was proposed for "chiropractic adjusting tables" by the Canadian Chiropractic Association. This is the principal piece of equipment used by a chiropractor. These tables are imported from the United States, and the total annual imports were estimated at approximately 100 tables. Prices range from \$185 for a stationary model to \$865 for an electric one, (U.S. funds), to which a duty of 22½ per cent as well as sales tax, exchange, etc. are additional.

Whether operated manually or by power, the tables are dutiable according to component material of chief value, usually iron or steel, for which item 44603-1 would apply, with rates of 10 p.c., B.P. and 22½ p.c., M.F.N.

The power-operated table, if imported for a qualified user, may be entered free of duty under tariff item 69605-1 as mechanical equipment of a class or kind not made in Canada.

The Canadian Chiropractic Association proposed the establishment of a new tariff item for these tables, as follows:

"Chiropractic adjusting tables, both manual models and power operated, and parts thereof

Free

Free

Free."

As an alternative, the spokesman for the Association indicated that provision for these tables might be made either in existing tariff item 42300-1 or 42305-1 which, respectively, provide duty-free entry for dental chairs and chiropody chairs.

In support of this proposal, the spokesman for the Association stated that the table which the chiropractor uses in his office for treating his patients is imported from the United States because no comparable selection at similar prices is available from Canadian manufacture. He noted that the chiropractic table is the fundamental article of equipment used by a chiropractor; it serves a similar purpose for him as does the dental chair for the dentist and the chiropody chair for the podiatrist, both of which may be imported free of duty. The tables are also used in the Canadian Chiropractic College in Toronto, a professionally owned, non-profit institution which was said to qualify as an institution permitted to import under tariff item 69605-1.

(3) Mechanical devices for resistive exercises

Mechanical devices involved in resistive exercises, including the stationary whirlpool bath, physiotherapy tilt table, adjustable height parallel bars, electronic muscle stimulators and many other products were mentioned by the Canadian Physiotherapy Association. It was claimed that the equipment for a small physiotherapy practice would cost about \$6,500; duty-free entry of this equipment was requested by the Association to help to reduce this cost. The Association claimed that only about 25 per cent of the equipment was available from Canadian production.

Many types of physiotherapy equipment are dutiable under tariff items providing generally for machinery, apparatus and articles. The M.F.N. rates of duty under a number of these tariff items range from $7\frac{1}{2}$ p.c. to $27\frac{1}{2}$ p.c. For example, stationary whirlpool baths may be entered as machinery under tariff item 42720-1 at Free, B.P. and $7\frac{1}{2}$ p.c., M.F.N.; the hydrocollator tank, as electric apparatus under item 44524-1, at 15 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N.; the physiotherapy tilt table, adjustable height parallel bars and the portable model shoulder wheel are generally dutiable as manufactures or articles of iron or steel under tariff item 44603-1 at 10 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N. Some ultraviolet lamps, ultrasonic generator units, microwave and shortwave diathermy units and electronic muscle stimulators may be entered free of duty under tariff item 47600-1. The articles which are mechanical equipment of a class or kind not made in Canada may be entered duty-free under tariff item 69605-1 for the qualified institutions.

In its submission, the Canadian Physiotherapy Association proposed that its members in private practice receive the same benefits of duty-free entry of equipment as do hospitals and similar institutions purchasing equipment for their physiotherapy departments.

In support of its proposal the Association stated:

"It is necessary for physiotherapists in private practice to purchase equipment such as is used in hospitals and institutions ... Fees for the treatment of patients are laid down by hospital insurance schemes and therefore, the physiotherapist in private practice must operate within a certain restricted budget ... Private practitioners ... are limited in the extent of services they can render by the burden of taxation on necessary equipment ..." (Vol. 1, p. 79-82)

The proposal of the Association implies the inclusion of privately practising physiotherapists among the groups benefiting under tariff item 69605-1, or a similar item, on the grounds that they minister to afflicted or handicapped persons in the same way as if employed by a hospital. The proposal raises again the question whether free entry should be granted to professional tools for private practitioners or for commercial interests which serve, for pay or profit, to alleviate human suffering.

(4) Dental supplies

Duty-free entry for equipment and supplies for use in the manufacture of dental appliances was requested by the Dental Laboratories Association of Ontario, supported by the Associations of Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan. The dental appliances here referred to include sets of artificial teeth, bridges, braces and other articles used in dental treatment. Although the equipment and supplies were said to be specialized in use, they are diverse in form, ranging from artificial teeth to certain types of synthetic resins. Most of them are dutiable under some 19 tariff items at M.F.N. rates of duty which range from $7\frac{1}{2}$ p.c. to 25 p.c. Annual purchases of such materials and equipment by dental laboratories across Canada were estimated to be \$5 million in 1964, 98 per cent of which was said to be unavailable from Canadian manufacture. For example, spatulas, burs (drills) and some other articles are dutiable as manufactures or articles of iron or steel under tariff item 44603-1, at 10 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N. Some types of machinery, of a class or kind made in Canada are dutiable under tariff item 42701-1, at 10 p.c., B.P., and $22\frac{1}{2}$ p.c., M.F.N.; those not made in Canada, under item 42720-1, at Free, B.P. and $7\frac{1}{2}$ p.c., M.F.N. Some chemical preparations are dutiable under tariff item 22005-1, at 15 p.c., B.P. and 20 p.c., M.F.N. Artificial teeth are duty-free under tariff item 68800-1.

The Dental Laboratories Association of Ontario, representing some 150 of 225 dental laboratories in the province, proposed a new tariff item to provide duty-free importation of equipment and supplies for use by dental laboratories, to be worded:

"Equipment and supplies imported by dental supply houses or dental laboratories for use exclusively in manufacturing dental appliances on prescription from the dental profession

Free

Free

Free."

In support of this proposal the Association's brief stated:

"Prosthetic appliances ordered from Dental Laboratories on prescription by the dental profession, we believe, fall in the same category as surgical appliances, artificial limbs, etc. These last mentioned appliances all obtain special tariff treatment, but such is not the case with dental laboratories. The importance of dental appliances to the public health can in many cases be greater than artificial limbs ... as an actual aid to physical health.

"Dental Laboratories either directly or through supply houses purchase 98% of their equipment and supplies in United States and other countries, for the very simple reason that such supplies are not made in Canada." (Vol. 6, p. 1156-57)

In support of its proposal, the Association also noted that one-third of the total cost of dentures is the cost of materials and equipment which is made approximately 20 per cent higher by the duty.

As noted above the Board received letters of support from other provincial associations, as follows:

The Nova Scotia Dental Technicians Association;
 New Brunswick Dental Technicians Association;
 The Association of Dental Technicians of the Province
 of Quebec;
 Manitoba Dental Laboratories Owners Association;
 Association of Dental Technicians of the Province of
 Saskatchewan.

The word "equipment" in the proposed item was intended to include machines used by the laboratories in the manufacture of dental products. However, the large and rapidly growing portion of the imports consists of materials and supplies, of which large quantities are used in the intermediate stages of the manufacture of dental appliances.

Another dental product brought to the Board's attention is the "Water Pik", an electrical appliance used in the prevention and treatment of periodontitis, or gum disease. The product may be imported under tariff item 42720-1 as machinery of a class or kind not made in Canada, at rates of Free, B.P. and 7½ p.c., M.F.N.

The Associated Dentists Cooperative Limited, Toronto, Ontario made representations to the Board in July 1966, concerning this product and also made more general representations. The Dentists Cooperative is a cooperative of approximately 800 Canadian dentists. The cooperative is an importer and distributor of the Water Pik which is manufactured in the United States by the Aqua Tec Corporation, Denver, Colorado. The company requested the removal of duty and sales tax on the Water Pik Oral Prophylaxis because it is an instrument used to combat disease. The Water Pik is sold by dental supply houses to dentists or to patients on the dentist's recommendation or prescription. The retail price in Canada, if the Water Pik is imported under tariff item 42720-1, was reported to be \$44.50, more than twice the manufacturing cost. Of this amount, \$4.58 was assigned directly to duty and sales tax.

The Associated Dentists Cooperative considered it highly unlikely that the Water Pik would become made in Canada.

The Associated Dentists Cooperative, in another statement, favoured a broader provision, namely duty-free entry for equipment and materials, not made in Canada, used by dentists.

In March, 1966, the Board was informed of an interest by Dr. J.F. Cooney, a Toronto dentist, in a piece of equipment called an Articulator. The Articulator is apparently used by dentists to hold dentures during testing and fitting. Dr. Cooney reported that its price in Chicago was \$168 and in Toronto, \$233 and suggested that exemption from duty and sales tax would ensure that the price in Canada was not enhanced by the inclusion of these elements of cost. This equipment was said to be not made in Canada.

(5) Medical testing equipment

Dentor Enterprises Ltd., Toronto, Ont., made a representation to the Board in September, 1966 seeking duty-free entry of equipment known as the Unitest System, when for use by doctors and which the company imports. The System is apparatus which can be used for five standard tests including various blood tests and uric acid tests. It costs in excess of \$400, is duty-free under item 69605-1 when for use in public hospitals but is otherwise dutiable, principally at an M.F.N. rate of $7\frac{1}{2}$ p.c. The company indicated that the equipment was newly developed and that possibly 300 units would be bought in the first year of its introduction into Canada. Of these, possibly 90 per cent would be bought by doctors. The relatively small portion going to hospitals was explained by the company as follows:

"The main reason for these percentages is based on the fact that most hospitals and clinics in larger cities are well equipped with laboratories capable of blood testing whereas clinics and doctors in small towns and villages, while not requiring the great amount of research facilities found in larger centres, do need blood testing equipment."

The products in question are manufactured by Bio-Dynamics, Inc., of Indianapolis, Indiana, U.S.A.

Summary of Representations on Hospital, Medical and Rehabilitation Equipment

Canadian manufacture of the products coming under the general heading of hospital, medical and rehabilitation equipment appears to be at present very limited. Most manufacturing that does exist is of recent origin, in almost all cases carried on by a subsidiary of a United States corporation. One spokesman described the manufacture of surgical-medical products in this country as a new industry with a promising future and urged the Board to give it similar consideration to that given the Canadian textile industry some years ago: encouragement by protection, to allow the Canadian manufacturer sufficient volume to develop his operations. More generally the proposals were for maintenance or extension of the duty-free privileges, at least while the equipment is not made in Canada.

Imports of goods used generally by hospitals and for rehabilitation, which enter duty-free, exceed \$70 million. For most of these products there is no Canadian manufacture. No estimate is available of the additional, substantial quantity of goods, specialized to hospital and rehabilitation uses, which is not available from Canadian production but on which duty is paid. As has been noted, any assessment of the saving to the ultimate beneficiary of the goods is complicated by the fact that he seldom is the importer and the benefits of relief from duty may not always be passed on to him.

The tariff items brought to the attention of the Board in the group of submissions on hospital and rehabilitation equipment, and some other relevant tariff items, may be classified into the following four categories:

- (1) Tariff items referred to the Board specifically by the Minister;
- (2) Tariff items not specifically referred to the Board but which provide for products for hospitals and rehabilitation upon which submissions were made for the public hearing.
- (3) Tariff items not referred to the Board which provide for products for hospitals and rehabilitation as well as for other products;
- (4) Tariff items not referred to the Board and not the subject of representations, but which provide for goods for hospitals and rehabilitation.

The first category includes tariff items 46200-1, 47605-1, 47610-1, 69605-1 and 69610-1. Among these representations there was none concerning tariff item 46200-1 and, in particular, the word "philosophical" in that item. Of the 19 submissions in this group for the public hearing, 8 expressed interest in tariff item 69605-1, 2 in tariff item 69610-1, 3 in tariff item 47605-1 and 2 in tariff item 47610-1. Of the proposals received in respect of tariff item 69605-1, some sought to broaden the item by including additional goods or users, some to restrict it to goods "of a class or kind not made in Canada". It was proposed that physiotherapists in private practice, physicians, pharmacists, homes for the aged, private hospitals, industrial first-aid departments and medical laboratories be included among those benefiting under tariff item 69605-1, and that the goods allowed under the item include wheelchairs of all kinds, turning frames, distilled water distribution systems and a number of other goods from existing tariff items 47605-1 and 47610-1. It was also proposed by some that the phrase "and by order of" be deleted from tariff item 69605-1. Thus, proposals were received that tariff items 47605-1 and 47610-1 be combined with tariff item 69605-1, and proposals were received that item 47605-1 be restricted to products "of a class or kind not made in Canada".

The only proposals pertaining to tariff item 69610-1 sought the maintenance of the item in its present form.

The second category -- those tariff items not specifically referred to the Board but which provide for goods for hospitals and rehabilitation and which were the subject of submissions -- includes tariff items: 20625-1, 20630-1, 20635-1, 23600-1, 42300-1, 42305-1, 43806-1, 43807-1, 47600-1, 47615-1, 47805-1, 47810-1, 47815-1, 48000-1, 48005-1 and 48600-1. Included were representations concerning intra-venous solutions, solution and blood administration sets and other similar disposable medical products now entered free of duty and for which proposals were received to have duties applied to protect Canadian manufacturing operations. Also in this group is tariff item 47600-1 which provides duty-free entry for a number of specified products used generally for health and for medical treatment. Some parts of the item were said to be out of date and in need of revision. Some proposals sought to restrict the item to products "of a class or kind not made in Canada". In this group also are items providing for crutches, wheelchairs, artificial limbs and other rehabilitation equipment of concern to the Canadian Medical Association.

The third category -- tariff items, not referred to the Board, which provide for products for hospitals and rehabilitation as well as for other products -- includes a number of items with general provisions for manufactures, articles and so on; for example, tariff item 35400-1, for "manufactures of aluminum". These items include: 19900-1, 22001-1, 22005-1, 28900-1, 30000-1, 32700-1, 35200-1, 35400-1, 36215-1, 41400-1, 41405-1, 42701-1, 42720-1, 42750-1, 42904-1, 42905-1, 43829-1, 44405-1, 44512-1, 44524-1, 44603-1, 46300-1, 46305-1, 46310-1, 50600-1, 51100-6, 51902-1, 54305-1, 56205-1, 56206-1, 56300-1, 56510-1, 56805-1, 56821-1, 61000-1, 61800-1, 61900-1, 61905-1, 65300-1, 67000-1, 68800-1, 90206-1 and 90800-1.

The Board did not receive proposals respecting these tariff items, but did receive proposals pertaining to some products which may be entered under them. For example, hydraulic patient lifters (Canadian Medical Association) are dutiable as "machinery of a class or kind not made in Canada" under tariff item 42720-1 when imported by users not mentioned in tariff item 69605-1; ophthalmic refracting and treatment chairs (American Optical Company Canada Limited) are dutiable as "manufactures of iron or steel" under tariff item 44603-1; Jobst supports (The Jobst Institute) are dutiable as "wearing apparel" under tariff item 56300-1.

The fourth category -- tariff items not referred to the Board and not the subject of representations but which provide for goods for hospitals and rehabilitation -- includes a large number of items of varying degrees of relevance. For example, sera and related goods may be entered duty-free under tariff item 20605-1 as may blood plasma under item 20615-1, materials and articles for the manufacture of such goods (item 20620-1), certain steel forgings and handles for the manufacture of surgical and dental instruments (item 39215-1), machinery, apparatus, equipment and parts for the manufacture of certain biologicals and bacteriologicals (item 42747-1), lead-impregnated or lead-lined gloves, mittens and other wearing apparel for use by X-ray operators (item 47620-1), containers and parts for vaccines, toxins, serums, etc. (item 47700-1) and orthopedic highchairs and parts (item 47900-1). Certain surgical bandages and slabs are provided for in item 23610-1 at rates of duty of 10 p.c., B.P. and 10 p.c., M.F.N. and devices for the automatic control of the composition of sterilizing and cleaning solutions for the food and beverage industries and hospitals are dutiable at 5 p.c., B.P., and 12½ p.c., M.F.N. (item 41805-1).

Educational, Scientific and Related Equipment

There is a great variety of products for educational and scientific use, some of which are manufactured in Canada. However, the Board heard from few producers of educational and scientific equipment. Seven of the 25 relevant submissions for the public hearing were from Canadian manufacturers; the remaining 18 were from users and importers.

(1) Mobile projection tables, rear projection units and other audio-visual products

The use of audio-visual aids in education is rapidly expanding. However, the principal users of this equipment in teaching (the universities, school boards and teachers) did not specifically discuss audio-visual aids.

The National Audio-Visual Association of Canada represents twenty-five importers and distributors of such equipment which were said to constitute about 15 per cent of all such firms in Canada.

Seven submissions were received on these products, of which three dealt specifically with mobile projection tables and rear projection units; the other four were more general in scope.

The H. Wilson Corporation of Chicago, Illinois, proposed that tariff item 69605-1 be revised to allow the company's mobile rear screen projection units, audio-visual and TV tables and TV wall and ceiling mounts to be entered free of duty. This proposal was opposed by Martin Photo (1961) Limited of Winnipeg and by Eddie Black's Limited of Don Mills, Ontario.

Mobile projection tables, or audio-visual tables, are manufactured in Canada for Eddie Black's Limited. This is basically a camera sales company with sixteen camera stores in southern Ontario; it sub-contracts to a metal fabricator in Toronto the making of these tables as well as TV mounts and brackets for hanging projection screens. The tables are made in four basic heights: 16, 26, 34 and 42 inches, and may be made to order in still other sizes. The company claimed to have sufficient productive capacity, with a new production system just introduced at the time of the hearing, to supply the total Canadian market for mobile audio-visual tables. The tables are said to be manufactured entirely from Canadian materials. The company considered itself to be the only Canadian manufacturer of such tables.

The total Canadian market for mobile projection tables was estimated by Eddie Black's Limited at \$90,000 a year, about 30 per cent of which is supplied by domestic manufacture. Ninety-five per cent of the company's sales of these tables was said to be to schools, hospitals and religious training centres, and consequently exempt from the federal sales tax. The company's price list of mobile projection tables for schools and hospitals (excluding the federal sales tax and shipping charges) was shown as follows in 1965:

<u>Height</u> (inches)	<u>Price</u> (\$)
16	26.70
26	28.40
34	29.40
42	29.95

Shipping charges would be from \$3 to \$6 per table, depending on distance and weight. Tables in other than the four basic sizes would cost about 6 per cent extra.

The H. Wilson Corporation of Chicago was not represented at the public hearing but stated in its written submission that its mobile rear screen projection units were of a type and kind not made in Canada. However, a kind of rear screen projection unit, similar to the Wilson Movie-Mover RP, has been developed through the co-operation of Martin Photo and Eddie Black's Limited. This unit, called the "Blackmobile No. 3", consists of two mobile audio-visual tables supplied by Eddie Black's Limited and one "Craft 100 RP" rear projection screen, supplied by Martin Photo. The "Craft 100 RP" screen is priced at \$99.50, while the combination unit, the "Blackmobile No. 3" is priced at approximately \$160, depending on the quantity purchased. The "Craft 100 RP" is a portable, folding rear projection screen, designed for presenting films, filmstrips and slides from the back of the screen in normal room light. It is of steel construction; a shock mounted mirror reflects the image on to the vinyl screen, giving a picture larger than a 30" television screen and one which can be seen easily under daylight conditions. The unit folds flat into a case for easy portability.

At present, Martin Photo (1961) Ltd. of Winnipeg, Manitoba, is said to be the only Canadian manufacturer of rear projection screens. The company commenced its production of screens in January, 1965. The total Canadian market for rear projection units has been estimated by Eddie Black's Limited at \$60,000 per annum, of which 30 to 50 per cent is supplied from domestic manufacture. Most sales of rear projection screens apparently are to educational institutions; the products are not yet used extensively in industry.

Mobile audio-visual tables (also called projection tables), because they are wheeled, are dutiable as carts under tariff item 43910-1, at 10 p.c., B.P. and 22½ p.c., M.F.N. Rear projection screens are at present dutiable as screens under item 46315-1 at Free, B.P. and 10 p.c., M.F.N.

TV wall and ceiling mounts are mainly dutiable according to component material of chief value, usually steel, under tariff item 44603-1, at rates of 10 p.c., B.P. and 22½ p.c., M.F.N. These are imported from H. Wilson Corporation and are used for suspending educational television receivers from walls or ceilings. It is claimed that these are specially designed with added strength and safety features for institutional use.

The H. Wilson Corporation had no information as to the total quantity of these products sold annually in Canada, but it was suggested 3 to 5 times as many might be sold if Canadian schools were able

to purchase this equipment at prices comparable to those paid by schools in the United States. The company submitted the following prices of its products, in effect in 1965:

	<u>U.S. prices</u> <u>(U.S. dollars)</u>	<u>Canadian prices</u> <u>(Can. dollars)</u>
Movie-Mover RP I	149.50	200.00
Movie-Mover RP II	189.50	255.00
26" audio-visual table	28.95	39.00
42" audio-visual table	30.95	42.00
54" educational TV table	44.95	61.00

According to these figures, Canadian prices are from 33 to 36 per cent higher on most of the items, an amount approximately equal to the exchange rate and the M.F.N. rate of duty of $22\frac{1}{2}$ per cent. The tables would be exempt from the federal sales tax under Part III of Schedule III of the Excise Tax Act.

H. Wilson Corporation indicated in a letter to the Board subsequent to this hearing that it was aware that Martin Photo and Eddie Black's were said to make rear screen projection units and audio-visual tables but that the company's dealers had never encountered any.

The main argument of the H. Wilson Corporation for duty-free entry of mobile rear screen projection units, mobile audio-visual tables, mobile TV tables and TV wall and ceiling mounts was that these products were of a type and kind not made in Canada. The company's intention was to confer the privilege of duty-free entry only to educational institutions as provided for in tariff item 69605-1. This equipment does not come within the provisions in the item for scientific apparatus and mechanical equipment. Some revision in the wording of the item would be necessary to meet the company's proposal.

Martin Photo (1961) Limited suggested that the present tariff classification of rear projection units and tables was correct and should be maintained. The company also submitted that while the continuation of tariff item 69605-1 was in the interest of lower cost to education and research, the item should be restricted to commodities of a class or kind not made in Canada.

Eddie Black's Limited opposed the proposition that metal projection tables are of a class or kind not made in Canada, on the grounds that the company has been supplying a Canadian-made table since 1964. The spokesman for the two Canadian companies expressed concern about the effect that removal of the $22\frac{1}{2}$ per cent duty would have on their sales. Eddie Black's Limited expressed its views on the tables in the following terms:

"If this item is allowed to be imported duty and tax free under 696, we would probably cease to build tables here and other manufacturers would be discouraged as we do not have a market large enough to compete with the large quantity of tables that are mass produced at lower cost in the United States."

The spokesman for the National Audio-Visual Association of Canada supported the proposal of Martin Photo, also the position of Eddie Black's Limited, that item 69605-1 be restricted to goods of a class or kind not made in Canada. The Association opposed the H. Wilson Corporation because the class or kind restriction was not contained in the Corporation's proposal. The Association is an affiliate of the National-Audio Visual Association, Inc. of the United States, and its members sell products mainly manufactured in that country. The members of the Association do not include Canadian manufacturers of such equipment.

The Association made a proposal respecting audio-visual aids more generally and tariff item 69605-1.

Products of interest to the Association under this Reference include a wide range of audio-visual aids, most of which were said to be unavailable from Canadian manufacture. They include: filmstrip projectors, filmstrip projectors combined with sound equipment, slide projectors, slide projectors combined with sound equipment, opaque projectors, opaque projectors combined with sound equipment, overhead projectors, micro projectors, sound filmstrip projectors, tape recorders and playbacks, repetitive tape equipment, language laboratory equipment, projection screens, reading and tachistoscopic machines, teaching machines and special purpose projection equipment.

The value of audio-visual equipment which is imported and which is involved in educational use cannot be determined precisely from available import statistics. Some kinds of such equipment, regarded as of a class or kind not made in Canada and as mechanical in nature, are allowed entry under tariff item 69605-1 for the use of the qualified institutions. These include tape and wire recorders, commercial and industrial communication equipment, and projectors for still and motion pictures.

Total imports in 1966 under tariff item 69605-1 for a general group of such goods amounted to \$1.4 million; they include, however, many products not necessarily used by educational institutions, such as church bells, radio navigational aids and similar equipment.

More generally, imports of audio-visual equipment are dutiable under a number of tariff items. For example, filmstrip projectors, slide projectors and certain other types of projectors are dutiable under tariff item 46300-1 at rates of Free, B.P., and 15 p.c., M.F.N., as are certain types of teaching machines which are, in effect, forms of projectors. Projectors combined with sound equipment are dutiable under tariff item 46310-1 at rates of 10 p.c., B.P., and 15 p.c., M.F.N. Some tape recorders, playbacks and repetitive tape equipment are dutiable as electric apparatus under tariff item 44524-1, at rates of 15 p.c., B.P., and 22½ p.c., M.F.N. Motion and still picture screens are dutiable under tariff item 46315-1 at rates of Free, B.P., and 10 p.c., M.F.N.

The National Audio-Visual Association proposed the following changes for tariff item 69605-1:

(1) That the phrase "mechanical equipment of a class or kind not made in Canada" be deleted, and that the phrase "articles and equipment of a class or kind not made in Canada, and accessories thereto" be substituted in its place;

(2) That the words "or for rental" be removed.

In support of its first proposal, the Association stated that a large volume of the audio-visual aids, imported by its members for sale to educational and religious institutions, did not qualify for entry under tariff item 69605-1 because they were considered to be not "mechanical". The Association argued that tariff item 69605-1 was introduced into the Customs Tariff to provide assistance to hospitals and scientific, educational and religious institutions by exempting from duty significant items which they must import, and that the word "mechanical" had the effect of making the institutions liable for duty on articles and equipment, also not available from Canadian production but of equal importance.

The representative of the Association also said that because the audio-visual equipment listed in the Association's submission is now required by educational authorities, it should be eligible for duty-free entry under tariff item 69605-1 when of a class or kind not made in Canada. The classification of such equipment in dutiable items has the effect of increasing the cost of education at a time when it is becoming increasingly important to try to lower it, or at least to prevent it from rising.

The Association's first proposal, if implemented, would result in a considerable broadening of tariff item 69605-1. The Association was aware of this, but the only alternative it could suggest was to refer specifically to "audio-visual aids of a class or kind not made in Canada".

Removal of the phrase "or for rental" was intended to permit wider educational use of the equipment. However, the phrase in the existing item does not appear to place many restrictions on the rental of equipment within school systems.

The Canadian Library Association and the Winnipeg Public Library, supported by a number of other libraries, were concerned with products such as pamphlets, magazines, maps, charts, reproductions of works of art, phonographs, records, sound and video tapes, motion picture films, filmstrips, slides, microfilm and other photographic reproductions of printed or pictorial material, all when for the use of public libraries.

Most areas of Canada are served by municipal, regional and provincial public libraries, the number of which totalled 889 in 1963. At that time, public libraries in Canada stocked more than 16.6 million books, periodicals and pamphlets, and their operating expenditures amounted to over \$24 million. Almost 80 per cent of their total expenditures were met from local funds (municipal taxes), over 13 per cent from provincial grants and the remainder from other sources.

In addition to public libraries, 73 university and college libraries possessed more than 9 million volumes in the academic year

1962-63. Expenditures of these libraries amounted to a total of more than \$8.5 million. More than 2000 schools had centralized school libraries in 1962-63 containing more than 6 million volumes.

In addition to books and other printed matter, libraries more and more are making available other communications material such as films, microfilm, filmstrips, slides and recordings.

Among the articles admissible under tariff item 69605-1 for the qualifying institutions are maps, charts, reproductions of works of art, phonographs (when of a class or kind not made in Canada), video tape recordings, motion picture films, filmstrips, slides, microfilm and other photographic reproductions of printed or pictorial material.

A number of tariff items, for example items 17200-1 to 17330-1 inclusive, provide duty-free entry for certain books and pamphlets; tariff item 17315-1 provides duty-free entry for books for bona fide libraries. In addition, it might be noted that duty-free entry for certain moving picture films, slides, sound recordings, charts, maps and other articles is provided for in item 69615-1 when these are of an international educational, scientific or cultural character.

Sound recordings for libraries may be entered duty-free under tariff item 69625-1. Most phonographs, however, are of a class or kind made in Canada and dutiable under item 59730-1 at 15 p.c., B.P. and 20 p.c., M.F.N. Blank tapes for making sound recordings are provided for in item 59505-1, at rates of 5 p.c., B.P. and 10 p.c., M.F.N.

Submissions concerning these articles were received from the Canadian Library Association, from the Winnipeg Public Library and from the Henderson Regional Library. The submission by the Winnipeg Public Library was supported by the following institutions, all members of the national association.

Manitoba Library Association;
Windsor Public Library;
London Public Library and Art Museum;
West Kildonan Public Library.

The Canadian Library Association, with a membership of 2000 librarians and 700 libraries across Canada, proposed the following changes to the Customs Tariff:

- (1) That tariff item 17315-1 be amended to include, as well as books,

"... all ... books, pamphlets, magazines, maps, charts, reproductions of works of art, phonographs, records, sound and video tapes, motion picture films, filmstrips, slides, microfilm and other photographic reproductions of printed or pictorial material for bona fide libraries".

- (2) That tariff item 69605-1 be amended to read (in part):

"... or for the use and by order of any bona fide library, public hospital, college ..., etc."

The directors of the Association further proposed that no change be made in the wording of these or other tariff items that would eliminate or curtail the privileges now accorded to bona fide libraries.

The Winnipeg Public Library, a member of the Canadian Library Association, presented a proposal identical with that of the Association.

The proposal of the Henderson Regional Library (also a member of the national association) concerning tariff item 69605-1 was also identical with that of the Association. Regarding tariff item 17315-1, this library proposed the addition of "magazines" only and made no mention of other articles.

In support of its proposal, an officer of the Canadian Library Association said in a letter to the Board after the public hearing that:

"The concern of the Canadian Library Association is not so much to add additional items for exemption to the free list but rather to obtain clarification of those items which we are now entitled to import duty free ... As far as I can determine the items proposed are all either duty free ... to libraries at the present time or to some libraries as educational institutions, i.e. universities, schools, etc. Our desire here is to obtain duty free all those items which are not manufactured in Canada for all libraries, including public libraries ... It is not our intention or desire to purchase items, which are produced in Canada, from other countries, but we do feel that libraries as educational institutions should be able to obtain these materials free of duty ...

"Some libraries in Canada find that their Customs Collector will not give duty free entry to libraries as educational institutions, particularly under tariff item 696(1) since 'bona fide libraries' are not specifically mentioned."

However, it is understood that public libraries, as institutions established solely for literary purposes, may import under item 69605-1 those products provided for in the item.

In support of its proposal concerning the addition of magazines to tariff item 17315-1, the Henderson Regional Library said in its submission that "the ability to import without restriction is essential if we are to build up the best possible book collection and reference files within our means ...".

A submission on certain types of motion picture films was made by La Cinémathèque canadienne, a non-profit organization, incorporated in 1963 in the Province of Quebec. It is controlled by a group of 25 members chosen from film producers, distributors and exhibitors of Montreal and film critics, educators, writers and others concerned with the art of film. Its total annual budget in 1965 was approximately \$15,000, met by grants from the Quebec Ministry of Cultural Affairs, the Arts Council of Greater Montreal and the Canada Council.

La Cinémathèque canadienne functions as a public museum and archives and is not engaged in commercial activities; the small fee which is charged for admission to the displays does not return a profit to the organization. La Cinémathèque is recognized as a public museum for purposes of duty-free importation of articles (not including films) under item 69305-1. La Cinémathèque acquires films by deposit or gift, or by exchange with other film archives. In addition to films, it also acquires objects and materials pertaining to the history of the motion picture.

La Cinémathèque presents a wide range of films to the public, without payment to the producer or Canadian distributor; the film industry agrees to allow the exhibition of films by film archives without rental charge.

The primary concern of La Cinémathèque canadienne is the conservation of motion pictures, a costly undertaking. Many films, acknowledged to be works of art today, were produced commercially but the producers are reluctant to spend considerable sums of money for the storage and conservation of films which no longer have commercial value for them.

Motion picture films may be imported under a number of tariff items. They may be entered duty-free under tariff item 69605-1 for approved users (which do not include La Cinémathèque canadienne). Films, when duly certified as of an international educational, scientific or cultural character, may be entered free of duty for all users under tariff item 69615-1. Tariff item 69615-1 provides also for other visual and auditory materials of an international educational, scientific and cultural character. Although some provisions of the item were established earlier, the item formed part of the implementation of the Beirut Agreement signed by Canada in 1949. The Agreement, arranged under UNESCO, is designed to facilitate the international circulation of visual and auditory materials of an educational, scientific and cultural character. Certain films may also be entered duty-free under item 65800-1 for the purpose of having reproductions made, if the original film is re-exported within six months. The existing duty-free provision of tariff items 65800-1, 69305-1, 69605-1 and 69615-1, however, do not go far toward meeting the interests of La Cinémathèque canadienne.

Generally, films of one and one-eighth of an inch in width or over are dutiable under item 65705-1, at $1\frac{1}{2}$ cents per linear foot and narrower films, under item 65706-1, at the same specific rate, under the M.F.N. Tariff, to a maximum ad valorem equivalent of 20 p.c.

In its submission, La Cinémathèque canadienne proposed that film archives be added to the list of institutions entitled to benefit under tariff item 69605-1 and that the range of goods that such film archives could thus import be defined.

In support of its proposal La Cinémathèque said:

"there is a strong case for granting free importation of any film destined to a film archives, on the ground that no distribution takes place of such imported films and that the original producer or the holder of the exhibition rights receives in no way, either directly or indirectly, a financial benefit from such an importation ... A film archive derives no financial benefit from having on deposit in its vaults prints of entertainment feature films. It has no right to sell the films, to rent them, to allow them to be used on television, or to exploit them in any way. Therefore the acquisition of prints of films by an archive must be totally subsidized, either by the state or by private donations." (Vol. 5, p. 1027)

La Cinémathèque emphasized that a very substantial portion of its revenues are used to pay the duty and sales tax on motion picture films imported from other countries.

The brief also noted that other countries, including for example Belgium, Holland, Switzerland, Denmark and the United States, have special dispensations for film archives in regard to film importations. In particular, in the United States, the Museum of Modern Art Film Library has the privilege of importing free of customs duty and sales tax motion picture films, whether negative or positive, long or short, entertainment or documentary, commercial or scientific, for preservation in its archives and for screening in its own 400-seat theatre.

La Cinémathèque canadienne did not propose a particular wording for an item to permit the import, free of duty and sales tax, of the goods of interest to it. In addition to films, it was noted that:

"The Cinematheque also acquires objects and materials pertaining to the history of the motion picture: sound recordings and interviews, old cameras and projectors, costumes and accessories, animation art-work, posters, stills, publicity press-books, books, magazines, photographic slides, scripts, etc., as long as these objects have something to do with the motion picture or its precursors. All these materials are available for consultation and study, and it is anticipated that eventually a full permanent exhibit will be arranged in Montreal." (Vol. 5, p. 1015-6)

Attached to La Cinémathèque's submission were statement of support from: the Quebec Ministry for Cultural Affairs, the Quebec Censor Board and the Association of Motion Picture Producers and Laboratories, Ottawa.

In a letter in September, 1965, the National Film Board supported the request of La Cinémathèque canadienne, pointing out that La Cinémathèque operated as a museum and arranged screenings and exhibitions that were educational in nature.

Similarly, support came from the Canadian Film Archives of the Canadian Film Institute, Ottawa, in a letter in October, 1965. The Canadian Film Archives is a non-profit, cultural organization, somewhat similar to La Cinémathèque, established in 1935, and a member of the International Federation of Film Archives and of the Canadian Museums Association. The organization urged that, because of their activities in the field of film conservation, film archives should receive the benefits of tariff item 69605-1.

The Canadian Association of Broadcasters presented a proposal concerning motion picture films and video tape recordings of religious programs. The members of the Association include practically all the privately owned radio and television stations in Canada. The Association's submission was made with respect to imported filmed or video-taped religious programs under tariff item 69605-1. Although the television stations are not qualified to import under the item, the programs are permitted entry under arrangements with local churches; the programs are broadcast at no charge, as a public service. At present, motion picture films, filmstrips and slides are imported under tariff item 69605-1 under the provision for "photographic reproductions".

In its submission for the public hearing the Association requested that provision continue to be made for free entry of motion picture films and video tape recordings for such use under the item.

Similarly, sound recordings of religious programs for broadcast by radio stations may be imported duty-free under tariff item 69625-1.

However, since tariff item 69625-1 (formerly 696c) was not specifically referred to the Board for study under Reference 134, the Association said:

"Should item 696c remain outside the scope of your enquiry there is of course no submission which we need to make with respect thereto. However, should the Board extend its enquiry to include this portion of tariff item 696c, we would make the same recommendation for continued free entry."

(2) Electronic and related teaching aids

Stark Electronics Limited of Ajax, Ontario listed the following categories of electronic products which it manufactures in Canada, principally for use in vocational education and the teaching of physics and languages:

1. Products manufactured exclusively for schools:

- a) Electronic and electrical teaching systems or training aids;
- b) Language laboratories;
- c) Business education laboratories;
- d) PSSC physics apparatus.

2. Products manufactured for schools and for industry:

Electronic and electrical test equipment, e.g.
meters, power supplies, vacuum tube voltmeters,
tube testers, oscilloscopes.

The first category would include about 200 products entirely for school use; the second category would include more than 50 products partly for the school, partly for the industrial market. In developing its products, the company has worked closely with educators, authors and publishers of textbooks to provide teaching sets which would directly correlate to the provincial curriculum as well as to the textbook to be used.

The company manufactures ten different models in category 1a), containing several thousand parts, which are used for the demonstration of basic principles of electricity and electronics. Products in category 1b), the language laboratories, are remote-control systems, said to utilize the most advanced techniques available for the teaching of languages. Products in 1c), the business education laboratories, are similar in nature to the language laboratories; they are used for the teaching of shorthand and typing. Category 1d) provides for PSSC physics apparatus. PSSC stands for the Physical Studies sub-Committee of an organization known as Educational Services Incorporated, founded in the 1950's in Watertown, Massachusetts, and assisted by the Ford and other Foundations. As a result of the work of this organization, physics courses have been revised into a program for senior high schools known as PSSC physics, which is said now to be in world-wide use. The equipment necessary for the teaching of PSSC physics was at first manufactured in the United States by only two companies; with one of these Stark had an arrangement to use its basic designs. Later Stark developed numerous pieces of apparatus to be used in conjunction with the PSSC program as well as its variants. The company started to manufacture this equipment in 1963 for Canadian high schools.

Stark Electronic Instruments Limited is the Canadian subsidiary of the Hickok Electrical Instrument Company of Cleveland, Ohio. Manufacturing facilities in Canada were established more than 35 years ago. The company describes itself as "the first and foremost Canadian manufacturer of electrical and electronic test equipment". Its plant is located in Ajax, Ontario, 27 miles east of Toronto, where approximately 225 people were employed in 1966. At the time of the public hearing, Stark Electronic Instruments was in the process of adding another 10,000 square feet to its 25,000 square-foot plant which houses the manufacturing and the engineering facilities as well as the general offices.

Stark Electronic commenced its manufacturing in Canada by producing a line of precise meters for electrical indicating instruments. In the late 1950's it began manufacturing equipment for educational purposes and has expanded this line so that it now offers a wide range of products for use in vocational and high schools, as well as in universities and technical institutions. In electrical and electronic teaching systems and science apparatus, Stark claims (and appears) to be the only Canadian manufacturer. Concerning science apparatus, the company noted in a letter to the Board that "practically all science products sold in Canada are of foreign origin and are sold by distributors ... we would consider ourselves the only Canadian manufacturer of science apparatus in the PSSC field".

According to information received from Stark, there is some manufacturing in Canada of language laboratories by other Canadian companies, mainly the Educational Division of the R.C.A. Victor Co.

Ltd. of Montreal, and Edwards of Canada Limited of Owen Sound, Ontario. Also, according to Stark, similar meters or electrical indicating instruments are manufactured in Canada by one other company, Bach-Simpson Limited of London, Ontario. Finally, testing equipment, competitive with that made by Stark, was said by Stark to be manufactured in Canada by Bach-Simpson Limited and by Daystrom Limited of Cooksville, Ontario.

Stark Electronic Instruments Limited believes that it supplies close to 80 per cent of the electronic educational equipment supplied to schools by members of the Electronic Industries Association of Canada. Of the company's total sales, more than 40 per cent is to users qualified to import under tariff item 69605-1; a further 13 per cent is exported to the United States where the products are dutiable at a rate of 12½ per cent.

The total Canadian market for educational equipment of the type manufactured by Stark was estimated by the company to be more than \$3 million per annum. In the different product categories Stark has obtained varying shares of the Canadian market. Its share of the market for PSSC physics apparatus is estimated at 57 per cent, for electrical and electronic teaching aids at 43 per cent, and for language laboratories at 20 per cent. The rest of the domestic market for these products is filled mainly by imports.

For the products where Stark has been able to capture a substantial share of the Canadian market, the company attributes its success to its flexibility in producing, at reasonable prices, small quantities to meet the customers' particular requirements. It is difficult for American companies to form such a close liaison with Canadian educators and to produce apparatus to meet the curriculum and textbooks used in the various provinces in Canada. Large American companies were said to find it almost impossible to modify their standard equipment to supply relatively small market quantities. However, this picture is said to be changing. In a letter to the Board after the hearing, Stark claimed that

"some of the major provinces are reviewing their previous legislation, and because of advancements in educational research, particularly in the U.S.A., they are considering the possible adoption of U.S. textbooks in the classroom -- particularly in the sciences and technology fields. When this occurs we would naturally lose our current advantages in producing equipment for Canadian programs and will have to now produce equipment for American programs and compete against duty free entry of apparatus manufactured in the States in large volumes creating a major difficulty in our being able to compete favourably where our units of volume are perhaps in the vicinity of 1/10 of the U.S. competitive product."

Almost all of the educational equipment manufactured by Stark is said to be of types that may be imported for school and university use under tariff item 69605-1, not only duty-free but also exempt from federal sales tax. The exemption from federal sales tax applies also to the comparable equipment made in Canada by Stark. Most of the company's products of an educational nature can be classified in the following categories:

Radio transmitting-receiving units;
 Radio and television broadcast and transmitting equipment;
 Commercial and industrial communication equipment;
 Power supply units (power packs - electrical) and parts;
 Communication equipment components;
 Measuring and measuring-controlling instruments and parts;
 Electricity measuring instruments and parts;
 Physical properties testing and inspection equipment and parts;
 Laboratory and scientific instruments, apparatus, equipment and parts;
 Electronic computers and parts.

Many of these products would be encompassed by the more general proposals by users, in this section of the report, and some of the products would be of interest to other manufacturers, whose proposals are noted in the next section.

Imports for these categories of equipment under tariff item 69605-1 were valued at over \$34 million during 1966. Only a relatively small portion of these imports would be for use in the high school and technical school market in which Stark is primarily interested. Most imports would be destined for research and laboratory work in hospitals, universities and government agencies. The principal source of imports for this type of equipment is the United States.

The submission by Stark Electronic Instruments was the only submission received by the Board specifically concerning electronic and related equipment used in education. As noted below, the Electronic Industries Association of Canada and the Canadian Electrical Manufacturers Association dealt with a broader range of electronic and electrical products.

Stark proposed:

- (1) That existing tariff item 696(1) (now 69605-1) be amended to read (in part):

696(1) - (a): Philosophical apparatus (and ancillary equipment thereto), utensils, ...; mechanical equipment, electrical apparatus, electronic apparatus, scientific apparatus, and apparatus for the teaching of electricity and electronics of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for use and by order of ...
[remainder as in existing item.]

Free

Free

Free

- (2) That a second part be added to tariff item 696 (now 69605-1), numbered and worded as follows:

696(1) - (b): Mechanical equipment, electrical apparatus, electronic apparatus, scientific apparatus, and apparatus for the teaching of electricity and electronics of a class or kind made in Canada, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts ...

(1) Electrical and electronic apparatus

10 p.c.	22 $\frac{1}{2}$ p.c.	25 p.c.
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(2) Mechanical equipment

15 p.c.	22 $\frac{1}{2}$ p.c.	30 p.c.
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(3) Other

(No rates were proposed by the company.)

The second part of the company's proposal, concerning products made in Canada, was aimed at permitting these products to become dutiable while leaving them exempt from federal sales tax.

Thus, the two parts of Stark's proposal would preserve the sales tax exemption for the relevant apparatus and equipment whether or not it is made in Canada; this would not occur if the made-in-Canada equipment were removed from the scope of item 69605-1 and made dutiable elsewhere in the Customs Tariff.

Under the existing item if the company obtained a "made-in-Canada" ruling on equipment classified as mechanical, the equipment would no longer be classified under tariff item 69605-1. In these circumstances, the imported equipment, for the most part, would become both dutiable and subject to the federal sales tax; equipment of domestic manufacture also would become subject to the sales tax. The company claimed that, to spare its customers the additional cost, it had not sought a made-in-Canada ruling on some articles of equipment which it manufactures and, consequently, had lost part of its market. A spokesman for the company cited, as an example, language training apparatus, for which its share of the market had fallen from 40 per cent in 1961 to 20 per cent in 1965.

It might also be noted that a made-in-Canada ruling would deprive manufacturers in Canada of duty-free entry of parts and components under tariff item 69610-1.

It was because of the effect of the proposal on exemption from federal sales tax that Stark Electronic Industries dissented from the more general submission made by the Electronic Industries Association of Canada (presented in a later section). By the Association's proposal, the apparatus and equipment, when ruled to be of a class or kind made in Canada, would, for the most part, be subject to the federal sales tax.

The proposal by Stark Electronic Instruments would make use of tariff item 69605-1 to provide exemption from federal sales tax for some equipment used for educational purposes. It might be noted that exemption is granted specifically in Part III of Schedule III of the Excise Tax Act for certain related goods, for example certain phonograph records and audio tapes for English or French language instruction.

Edwards of Canada Limited, Owen Sound, Ontario, a producer of equipment similar to some of that manufactured by Stark Electronics Limited, took the same position as Stark that the exemption from federal sales tax be maintained. In a letter to the Board after the hearing, Edwards of Canada disassociated itself from the submission by the Canadian Electrical Manufacturers Association (CEMA), of which it is a member. The proposal by CEMA would remove from tariff item 69605-1 mechanical and electrical equipment when they are deemed to be of a class or kind made in Canada thus making the federal sales tax exigible.

(3) Environmental control equipment

Submissions concerning this type of equipment were received from the Canadian Refrigeration and Air Conditioning Association, from Hotpack (Canada) Limited and from Controlled Environments Ltd. In brief, they all sought to limit the duty-free provisions of tariff item 69605-1, at least in some particulars, to apparatus and equipment of a class or kind not made in Canada.

This equipment often possesses refrigeration and air-conditioning capabilities. The following major categories of such equipment are imported under tariff item 69605-1 and are of interest to the Canadian Refrigeration and Air Conditioning Association:

1. Environmental control equipment such as plant growth chambers, plant growth cabinets, seed germinators, entomological cabinets and chambers, laboratory cabinets and chambers, incubator cabinets and chambers, animal research cabinets and chambers, cabinets and chambers for special research, sub-zero equipment;
2. Compressor units, condensing units, condensers;
3. Components (controls, etc.);
4. Blood bank, biological, formula, pharmaceutical, mortuary and roll-in refrigerators;
5. Reach-in and walk-in refrigerators and freezers of special design for laboratory, educational and medical uses.

All these products are said to be manufactured in Canada by the Canadian refrigeration and air-conditioning industry. The spokesman for the Association noted the difficulty of defining the industry precisely because air-conditioning is becoming relatively more important and involves, for example, heating and humidity control as well

as cooling. At the public hearing, the spokesman estimated that there would not be more than six companies in Canada whose primary business is the manufacture of specialized refrigeration equipment of the type listed above for hospitals and the other relevant institutions. The companies to which this market is of vital interest are said to be the following:⁽¹⁾

Fleming-Pedlar, Winnipeg, Manitoba;
Coldstream Refrigerator Manufacturing Ltd., Winnipeg, Manitoba;
Constant Temperature Control Ltd., Toronto, Ontario;
Hotpack Canada Ltd., Waterloo, Ontario;
Controlled Environments Ltd., Winnipeg, Manitoba.

The spokesman for the Association, after the hearing, estimated the industry's total market in 1965 at \$80 million; about half was imported. Of the industry's total sales, between 2 and 2.5 per cent (less than \$2 million) was sold to the institutions qualified to import under tariff item 69605-1.

Of the five companies listed above, Hotpack Canada Ltd. and Controlled Environments Ltd. were not members of the Association at the time of the hearing, and made separate submissions to the Board.

Essentially, all environmental control equipment consists of metal boxes of various sizes and shapes, most with baked enamel finish, insulated and equipped with controls, heating and cooling elements and other instruments suited to the many different purposes for which they are used. They are operated electrically. Products of this kind are used mainly in industrial, medical and scientific research laboratories.

Canadian manufacturers of environmental control equipment comprise a small segment of the refrigeration and air-conditioning industry as a whole; most of these are involved in designing as well as manufacturing scientific equipment for research projects which require environmental control. Controlled Environment and Hotpack Canada Ltd. both started Canadian manufacture of this equipment during 1964.

Estimates of the market and of imports and domestic manufacture were presented in different ways by the interested parties. The Canadian Refrigeration and Air-Conditioning Association estimated annual Canadian requirements of controlled environment equipment for medical and research uses at about \$3 million, of which possibly one million dollars is supplied by imports and \$2 million from domestic production. Something over one half of both the imports and the domestic manufacture was said to be sold to the institutions qualified to import under tariff item 69605-1, the remainder to industrial users.

Basing its statement on an estimated market of \$5 million, Hotpack Canada Ltd. indicated that it was supplying about 10 per cent of the market but had the capacity to produce 20 to 25 per cent of total Canadian requirements of environmental equipment.

(1) Fleming-Pedlar and Coldstream Refrigerator Manufacturing have since become one company, Coldstream Products of Canada Limited

Controlled Environments Ltd. stated that:

"This company alone is now demonstrably capable of satisfactorily supplying annually more than one million dollars worth of this type of equipment to Canadian Research Scientists. Within the last nine months this young company has shipped more than seventy products in Canada ..."

Over 90 per cent of the scientific equipment manufactured by this company is sold to research scientists in government and university departments in the fields of agriculture, forestry, fisheries and biology, and in many specialized branches of these fields.

In the view of Controlled Environments Ltd., the Canadian market for research equipment is rapidly expanding; it was noted that government policy encourages scientific research and, as a result, large investments are being made in research in Canada. The company cited one Canadian university which alone planned to build four new science buildings in the near future. The company also reported that it has been trying to export its products to the United States with little success because the equipment is subject to a duty of 12½ per cent in the U.S.A. even when for the use of universities.

After the public hearing, the Board was in communication with Fleming-Pedlar and Coldstream Refrigerator Manufacturing of Winnipeg. The two companies, wholly Canadian owned, had the same ownership and management, and have since been re-organized as Coldstream Products of Canada Ltd. The companies, members of the Canadian Refrigeration and Air-Conditioning Association, took a different view from the Association and proposed the deletion of the provision for "scientific apparatus" in tariff item 69605-1, in the interests of granting protection to encourage Canadian manufacture of controlled environment equipment.

The most expensive piece of equipment manufactured by the industry is the walk-in controlled environmental room. The price for the heated rooms offered by Hotpack in 1965 ranged from U.S. \$2,100 to U.S. \$4,515 and for the refrigerated rooms, from U.S. \$3,465 to U.S. \$7,140. Prices for other types of equipment offered by Hotpack, expressed in Canadian funds, f.o.b. Waterloo, Ontario were:

	<u>\$</u>
Floor model refrigerated incubators	685
Floor model combination incubator-growth chamber ..	878
Program controlled growth chamber/incubator	1,380
Refrigerated carbon dioxide incubator	1,285

Prices vary according to the outfitting required by the customer.

Environmental control equipment may be imported duty-free under item 69605-1 as "scientific apparatus (and ancillary equipment thereto), utensils, instruments".

This situation has existed since December, 1964 when, in its decision on Appeal No. 761, the Tariff Board declared that the environmental room in issue, imported by McGill University, was scientific apparatus within the meaning of paragraph (1) of tariff item 696.

Prior to this decision, equipment, mechanical in nature, was deemed to be governed by the provision in the item for "mechanical equipment of a class or kind not made in Canada". The equipment constituting an environmental room, therefore, when ruled to be of a class or kind made in Canada, was no longer admissible under tariff item 69605-1 and became dutiable elsewhere in the Tariff, as noted below. The Board's decision signified that such equipment could also be scientific apparatus and, as such, admissible under tariff item 69605-1 even though deemed to be mechanical equipment of a class or kind made in Canada. It might be noted that two of the companies had been established just prior to the appeal.

Prior to the Board's decision, environmental room equipment was usually entered at rates of 10 p.c., B.P. and $22\frac{1}{2}$ p.c., M.F.N. under item 42701-1, as machinery of iron or steel, n.o.p., or at rates of 15 p.c., B.P., and $22\frac{1}{2}$ p.c., M.F.N. under item 44524-1, as electric apparatus and parts, n.o.p.

In its submission, the Canadian Refrigeration and Air Conditioning Association (formerly, Canadian Refrigeration Manufacturers Association) proposed that the privilege of duty-free entry under tariff item 69605-1 be restricted to those commodities which are of a class or kind not made in Canada.

The spokesman for the Association noted that there is much concern that mechanical equipment can now acquire the character of scientific equipment and, therefore, even though deemed to be mechanical equipment of a class or kind made in Canada, be denied protection. He observed that if the Association's proposal were followed, any need to distinguish between scientific apparatus and mechanical equipment would be eliminated and both would be dutiable unless of a class or kind not made in Canada. The interest of the Association is limited to refrigeration and air conditioning equipment under the item.

Hotpack (Canada) Limited's proposal, as clarified, may be summarized as follows:

- (1) That, for types of equipment made and sold by the company, eligible for entry under tariff items 69605-1 and 69610-1, duty-free entry be restricted to those of a class or kind not made in Canada.
- (2) That the "Surgical and dental instruments of any material" of tariff item 47600-1 and "... other scientific apparatus for laboratory work in public hospitals; ... apparatus for sterilizing purposes ..." of tariff item 47605-1 be restricted to products of a class or kind not made in Canada.

The representative for Hotpack (Canada) Limited stated that the interpretation of "scientific apparatus" by the Tariff Board under tariff item 69605-1 resulted in a considerable drop in the company's

sales, since the type of equipment manufactured by the company is now allowed duty-free entry for the institutions which constitute the major part of the market for its products.

No specific recommendation was made concerning any of the surgical and dental instruments under item 47600-1 which are made by the company. The only instruments brought to the Board's attention by the company were recording instruments and controls for temperature, humidity and other atmospheric conditions; they are for installation in equipment made by the company and probably would be permitted entry under item 69605-1.

The "other scientific apparatus" in tariff item 47605-1 may also qualify for entry under tariff item 69605-1, and in practice most of it appears to be entered under the latter item. The interest of Hotpack in "apparatus for sterilizing purposes" under tariff item 47605-1 originates from its production of industrial ovens, dryers and sterilizers which are products similar in nature. This interest of the company in sterilizing apparatus is not shared by other members of the refrigeration and air conditioning industry.

Hotpack (Canada) Limited, in support of its proposal to restrict the duty-free entry of the type of equipment which it manufactures to that of a class or kind not made in Canada, argued that the restriction of duty-free entry would increase Canadian manufacture, employment, capital investment, research and development. This expansion in manufacture would reduce costs and prices and make the goods more competitive in foreign markets. This position was similar to that taken by the Canadian Refrigeration and Air Conditioning Association and also by Controlled Environments Ltd. in support of their proposals.

Controlled Environments Ltd. also proposed that the privilege of duty-free entry under tariff item 69605-1 be restricted to commodities of a class or kind not made in Canada. The company indicated later that its interest in the item was limited to "scientific apparatus".

After the public hearing, Controlled Environments Ltd. brought to the Board's attention certain difficulties that it was experiencing in recovering the duty paid on components used in the manufacture of the environmental equipment sold to the institutions qualified to import under tariff item 69605-1. Tariff item 69610-1 provides for the duty-free entry of materials and articles for the manufacture of the goods admissible under item 69605-1.

The company summed up the present situation as follows:

"95% of our customers are in the scientific research field, so the impact on this Company (of the re-interpretation of tariff item 696) is perhaps very much more severe than on other companies whose controlled environmental divisions form but a small segment of their total business in the commercial, refrigeration and air conditioning and food store business ... As soon as the McGill appeal was resolved, we revised our purchasing pattern to buy as much material as possible at the lower prices obtainable in the

United States. Our customers now give us a purchase order certified that its end use is for scientific research and governed by 696(1) ... The customer requests a model ..., and this product contains hundreds of components, taking up several pages of a bill of material, clocks, controls, amplifiers, compressors, cooling coils, ballasts, ... Such components have to be purchased in bulk quantities, stocked on the shelf, and assembled into the product as dictated by the many different required orders. We have to therefore pay tariff on these bulk purchases when we are able to purchase directly from the manufacturer in the United States and also when we purchase through a local agent. We have absolutely no way of recovering the tariff ..."

In another letter, the company's general manager observed that,

"the present system appears indescribably unfair. Not only has the tariff protection been removed on competitive equipment being imported into Canada by Universities, but we as a Canadian manufacturer now have to pay tariff on components which puts us at a definite disadvantage compared with the competing United States manufacturer ... 90-95% of our business falls into the category of scientific research equipment."

Duty is paid on components and parts because these articles, at the time of importation, are not clearly for use in the manufacture of apparatus or equipment of a type admissible under item 69605-1. The company, therefore, at the time of importation, cannot claim duty-free entry under item 69610-1. Nor is it practical to claim a refund of duty at the time the parts are used because of the difficulty of accounting for the parts and of proving that they were used in accordance with the provisions of item 69610-1. For this reason, the company held that item 69610-1 was not giving the relief from duty which is necessary for a Canadian manufacturer to compete with equipment imported duty-free under item 69605-1.

(4) Scientific and laboratory glassware

Submissions concerning scientific and laboratory glassware were received from Precision Glass Co. Ltd. and Preforma Ltd., both of Toronto, and from the Glass Manufacturers Federation of the United Kingdom. The president of Precision Glass and Preforma Ltd. said that for purposes of this study, Precision Glass Co. Ltd. would be considered as comprehensive of the two Toronto companies.

These products, including adapters, funnels, burettes, pipettes, flasks of all types and sizes, micro-analytical glassware, tubes, stirring rods, filter apparatus and other similar glassware for use in the laboratory, are manufactured in Canada by Precision Glass Co. Ltd. of Toronto. The company, including its predecessor, Precision Glasscraft, has been in operation for a number of years. The company informed the Board that, as far as it knew, there were two other Canadian manufacturers of similar glassware: Emerald Glass Co. Ltd. and the O.H. Johns Glass Co. Ltd.

There are several Canadian importers and distributors of scientific and laboratory glassware and related equipment. These include Canadian Laboratory Supplies, Fisher Scientific Co. Ltd., Central Scientific Co. of Canada Ltd. and some other, smaller firms, importing mainly from the U.S.A. The interests of these companies are discussed more generally under the heading "Other Laboratory Supplies" which follows.

Precision Glass estimated the total Canadian market for the type of products manufactured by the company at one million dollars per annum, and said that 70 to 80 per cent of this market enjoys the privilege of duty-free importation. According to the company, the present market for laboratory equipment was adequate to support a domestic industry if there were no imports. In this regard, Precision Glass Company estimated that about \$800,000 worth of laboratory glassware is imported by the institutions benefiting from tariff items 47605-1 and 69605-1; the company considered that these imports consist of products of a class or kind made in Canada. Item 47605-1 provides duty-free entry for glassware and other scientific apparatus for laboratory work in public hospitals. Another relevant tariff item, 32648-1, provides for high thermal shock resisting glassware at Free, B.P., and 15 p.c., M.F.N.

Imports of scientific and laboratory glassware are difficult to determine with precision. However, the total value of such imports appears to be much greater than the amount estimated by Precision Glass as directly relevant to the company's operation. For example, total imports of laboratory glassware and ceramic ware and parts amounted to \$5.3 million in 1966, two-thirds of which were imported under tariff items 69605-1 and 47605-1. Some relevant goods might be assigned to other import statistical classes. Not all of these products could readily be manufactured in Canada.

Most imports are from the U.S.A., but some come from the United Kingdom and Continental Europe. According to information received from the British Glass Manufacturers Federation, exports of laboratory and scientific glassware from Britain to Canada totalled \$220,000 in 1964 under tariff items 47605-1, 69605-1 and 32648-1.

In tariff item 47605-1, the provision for glassware is interpreted very broadly: any type of glassware is allowed entry under the item provided it is for laboratory use in a public hospital. Under present administration, certain types of glassware allowed entry under item 47605-1 may not be entered under item 69605-1, because the restriction "scientific" appears in the latter item.

In its submission, Precision Glass Co. Ltd. proposed

"The deletion of any tariff item giving special tariff status for religious, philosophical, educational, scientific, literary, artistic, cultural, charitable, or philanthropic purposes, institutions, organizations, or groups or for the benefit of afflicted or handicapped persons or for use in ministering to such persons." (Vol. 5, p. 1004)

With respect to laboratory equipment, the company suggested "that laboratory equipment used for such purposes be excluded from special tariff status when it can be shown that suitable laboratory equipment of the same class and kind and fulfilling the same functions is manufactured in Canada in sufficient volume to satisfy the Canadian market." (Vol. 5, p. 1005)

In clarification, the company's president noted in a letter to the Board that

"After ten years of operation of Precision Glass Co. Ltd. and its predecessor (Precision Glasscraft), it is evident to me that the possibility of manufacturing durable goods of this kind on any but a bare subsistence basis is impractical, in the face of customs exemptions, which the foreign manufacturer enjoys in dealing with institutions privileged under Tariff Items 476a and 696(1) ... In summary, I recommend that for articles of a kind made in Canada, the exemptions from payment of duty afforded by Tariff Items 476a and 696(1) be discontinued."

The company suggested that a direct subsidy to the institutions would be a better form of assistance than exemption from duties which is a form of hidden subsidy levied against selected Canadian manufacturers.

"Nor is this simply a matter of an isolated item. Each such incident contributes to a group barrier unfavourable to the Canadian industrial economy. In this sense duty exemption, ostensibly of humanitarian intention actually is harming the cause it purports to help ..."

In his letter after the public hearing, the company president added:

"The Canadian manufacturer ought to be required under new legislation to show that his product meets or exceeds the competitors' standards of quality and to show an inventory or rate of production which will supply Canada within a reasonable time ..."

He noted that a Canadian manufacturer can expect to receive some orders because the glassware is wanted quickly and there are delays in receiving imported supplies. However, the Canadian manufacturer cannot remain in business by supplying only these emergency orders that require prompt delivery; he also needs the regular annual orders.

The Glass Manufacturers Federation of the United Kingdom, representing virtually all manufacturers of laboratory, scientific and pharmaceutical glassware in that country, informed the Board that the principal types of such glassware exported from Britain to Canada, under tariff items 69605-1 and 47605-1, were: volumetric glassware, thermometers, and a complete range of interchangeable glassware apparatus for chemistry laboratories in which organic chemical or biochemical procedures are carried out.

In its submission for the public hearing, the Glass Manufacturers Federation of the United Kingdom proposed:

- (1) That tariff item 47605-1 remain unaltered so far as it applies to laboratory and scientific glassware;
- (2) That tariff item 69605-1 should remain unaltered so far as it applies to laboratory and scientific glassware and duty free importation should continue to apply where the glassware is for the use of or by order of any of the bodies or prescribed users mentioned in the existing tariff item;
- (3) That the use of the word "philosophical" in tariff item 69605-1 be defined.

In support of its proposals, the Glass Manufacturers Federation of the United Kingdom argued that

"the balance of trade between Canada and the United Kingdom in recent years has always been in Canada's favour and we feel that it is in Canada's own interest as an exporting nation to ensure that the principal purchasers of Canada's goods are given reasonable opportunities to supply a fair share of Canada's needs."

Concerning tariff item 47605-1 in particular, the Federation expressed the view that the introduction of a clause in the item restricting imports to those products "of a class or kind not made in Canada" would create difficult administrative problems and that, while many articles could probably be produced in Canada, it is doubtful whether any Canadian manufacturer could produce a complete line.

The Federation argued against the introduction of any tariff on products now imported under tariff items 47605-1 and 69605-1, saying that this would inevitably raise prices. It suggested that, because of the transportation costs from the United Kingdom, duty-free importation from that country could hardly be detrimental to Canadian manufacturers.

About the term "philosophical" in tariff item 69605-1, the Federation expressed the view that the term seemed superfluous, but if it is retained it should be accurately defined.

The Federation also indicated that it would welcome any extension of the duty-free privileges, particularly for research establishments.

In connection with the more general submission by the Association of Universities and Colleges, dealt with later in this section, the Dominion Glass Company Limited objected to free entry of goods on an end-use basis if there were no regard to their availability from Canadian manufacture. The company's spokesman suggested that the availability of goods from Canadian sources should be the governing factor, and that the company would not object to the free entry of glassware of a class or kind not made in Canada. He also expressed the view that the Customs Tariff is not the best mechanism for assisting hospitals, schools, universities and handicapped people; that the

primary purpose of a tariff is protection. Assistance to worthy causes can best be achieved by a direct approach, placing the burden more appropriately.

(5) Other laboratory supplies

Laboratory supplies, apart from the glassware dealt with above, include several thousand products from simple glassware to microscopes and similar instruments.

The Board received submissions from two of the three largest Canadian suppliers of laboratory equipment: Canadian Laboratory Supplies Limited (Canlab) and Fisher Scientific Co. Ltd. The third of the large suppliers is Central Scientific Co. of Canada Ltd.; in addition, there are a number of smaller companies supplying laboratory equipment. All three main suppliers are Canadian subsidiaries of American companies: Canlab is a subsidiary of American Hospital Supply Corporation; Fisher, of Fisher Scientific Company; and Central Scientific, of Central Scientific in the U.S.A.

These products, for the most part, according to Canadian Laboratory Supplies and Fisher Scientific Co. of Canada Ltd. are not manufactured in Canada because the Canadian market for any of them is too small to support domestic manufacture. Canadian companies which supply this equipment do so merely as importers and distributors.

In addition to the duty-free entry provided under tariff item 69605-1 some of the laboratory supplies may be entered duty-free under tariff items 41043-1, 47600-1 and 66310-1. Some glassware, when not eligible for free entry, is classified as high thermal shock resisting glassware under tariff item 32648-1, at rates of Free, B.P. and 15 p.c., M.F.N. Some of the meters, gauges and light equipment may be entered as electrical instruments and apparatus under tariff item 44532-1, at rates of Free, B.P. and $7\frac{1}{2}$ p.c., M.F.N.; some of the equipment may be entered as philosophical, photographic, mathematical and optical instruments, under tariff item 46200-1, at rates of $2\frac{1}{2}$ p.c., B.P. and 15 p.c., M.F.N.

In addition to these tariff items Canadian Laboratory Supplies Limited listed some sixty other tariff items under which laboratory and scientific supplies are imported.

The total Canadian market for laboratory supplies, excluding laboratory furniture, was estimated by the spokesman for Canlab at \$30 million, almost all imported. Most of the imports of this type of equipment are from the United States. Although imports cannot be determined accurately, most imports are classified in the following import statistical categories:

- Measuring and measuring-controlling instruments;
- Parts of measuring and measuring-controlling instruments;
- Optical microscopes and parts;
- Physical properties testing and inspection equipment and parts;
- Laboratory glassware, ceramic ware and parts;
- Spectrometers, spectrophotometers and parts;
- Laboratory balances and parts;
- Laboratory and scientific instruments, apparatus, equipment and parts.

Total imports during 1966 in these classes under all tariff items amounted to just over \$90 million, over 37 per cent of which (\$34 million) was imported under tariff item 69605-1. Ninety-two per cent of the imports under item 69605-1 came from the United States.

The principal users of laboratory equipment are hospital, university, school, government and industrial laboratories; with the exception of industrial and commercial laboratories, all these can import most of their requirements free of duty, mainly under tariff item 69605-1.

Canlab proposed several changes in tariff item 69605-1, as well as in other tariff items, as follows:

1. Tariff Item 696(1) be amended in such a way as to permit:
 - (a) the duty free entry of the material presently described thereunder when imported for use solely by, or for sale solely to and for the exclusive use of any scientific laboratory performing research, control, teaching, or hospital functions.
 - (b) the duty free subsequent importation of parts, accessories, cases or ancillary equipment for the foregoing material when for use solely by, or for sale solely to and for the exclusive use of any scientific laboratory performing research, control, teaching, or hospital functions.
2. The word "philosophical" be removed from Tariff Items 696 and 462 and that more specific and less ambiguous descriptive wording be substituted when necessary to make the intent of the Tariff Item clearer.
3. The phrase in Tariff Item 696(1) "mechanical equipment of a class or kind not made in Canada" be amended to read "mechanical equipment".
4. The phrase "and by order of" be removed from Tariff Item 696(1) wherever it appears.
5. In Tariff Item 476 the phrase "microscopes valued at not less than \$50.00 each, retail" be amended to read "microscopes".

(Vol. 4, p. 660-1)

In supporting its proposals in general, Canlab claimed that it attempted to determine what would result in the maximum beneficial effect for all concerned.

In support of its proposal (1) the company argued that, to supplement the government's policy to expand scientific research and development through grants and tax incentives, it would be logical to lower the cost of research tools and equipment by making them duty-free, particularly as there is no domestic manufacture of the equipment. Moreover, the company believed that in the long run the economy was best served by enterprises able to compete internationally. Duties on the

products, the company noted, would not be likely to reduce imports considerably because the products had to be imported; duty-free entry, on the other hand, might encourage somewhat greater use of these types of research equipment.

In support of proposal (2), the company's spokesman claimed that the term "philosophical" was not used by customers or dealers and he did not know whether any of the materials or articles imported by Canlab were regarded by Customs officers as philosophical instruments or apparatus.

In support of its proposal (3), Canlab contended that the phrase "of a class or kind not made in Canada" prevented the duty-free importation of equipment similar to equipment made in Canada but which did not actually perform the same function. The company's spokesman cited the following examples: power supplies for electronic instruments are duty-free under tariff item 69605-1 if imported with the instruments but a replacement power supply imported later is dutiable because articles of this nature are made in this country; similarly, boiling flasks of pyrex are not made in Canada; for Customs purposes non-pyrex glass may be ruled to be of the same class as pyrex glass even though in the laboratory it will not do the same job; also, the crushers and pulverizers made in Canada were said to be unsuited for producing the very fine product required in the laboratory.

In support of its proposal (4), for removal of the phrase "by order of", Canlab claimed that importers were forced to pay duty on goods imported for stock but subsequently sold to users entitled to duty-free entry. The recovery of the duty caused complex administrative problems, costly to both the government and the distributors. Stocks must be maintained to provide service to users, but the payment of duty, unrecoverable as long as stocks are maintained, and the complex administrative problems and record-keeping impose severe financial and administrative burdens on Canadian distributors.

In support of proposal (5), for deletion of the phrase "not less than fifty dollars each" for microscopes, in tariff item 47600-1, the company suggested that the phrase served no useful purpose because practically all scientific microscopes range in price from about \$70 to \$3,000; the price of electronic microscopes is considerably higher.

In its submission, Fisher Scientific Co. Limited proposed changes in tariff items 69605-1 and 44532-1 as follows:

- (1) Respecting tariff item 69605-1, that the item be amended to be (in part):

"mechanical equipment and complete parts. All articles in this item, when used by industrial laboratories for the pursuit of scientific research or quality control or any society ... or for the use of any public hospital, ..."

- (2) Respecting tariff item 44532-1, that the item be amended to be (in part):

"Electrical instruments and apparatus of precision viz.:- pH meters and pH electrodes, ovens, meters or gauges for indicating, controlling and/or recording altitude, ..."

In support of its proposals, Fisher Scientific Co. Limited suggested that the resulting lower costs would improve product quality, encourage research and improve morale among scientists now frustrated by the higher cost of equipment. In the company's view, few manufacturers in Canada would suffer because the Canadian market is not sufficiently large for the development of much manufacturing of this kind of equipment.

The company argued for the extension of the duty-free importation of scientific equipment to all laboratories. The company, however, did not specifically propose any change in rates for item 44532-1 under which there is an M.F.N. rate of $7\frac{1}{2}$ p.c.

After the public hearing, Fisher modified its position concerning the removal of the clause "of a class or kind not made in Canada" from tariff items 69605-1 and 44532-1 by noting that the company did not propose the deletion of the clause but proposed a more definitive application and interpretation of it.

The companies' proposals, if implemented so that duty-free entry were extended for industrial research and quality control, would broaden considerably the scope of item 69605-1 and would alter the character of the item.

Another article of laboratory equipment which came to the attention of the Board was referred to as an industrial "Airbrasive" unit. The importer, Tumbling Sales and Service Ltd., Hamilton, Ontario, described it as basically a sandblast unit, highly precisioned for laboratory use. The article was said to be of a class or kind not made in Canada and to be dutiable upon importation. Many of the sales of the imported article were said to be to universities and other educational and research institutions. Certain goods for the use of these institutions may be imported free of duty under item 69605-1; the company indicated that the duty exigible on the "Airbrasive" unit was not in the interest of these institutions.

(6) Monofilament fish nets

Certain nets for obtaining specimens for biological research were the subject of a submission made on behalf of an importer of these articles, James Fehr of Vancouver. According to the submission, these nets are specially designed with separate panels of different size mesh to enable the scientist to obtain specimens of marine life of various sizes and at a variety of depths in a single sweep. The mesh size is too small for commercial fishing; they are supplied in 12 meter lengths, only a fraction of the lengths used commercially. The nets, said to be of a class or kind not made in Canada, were said to be used entirely for scientific purposes, and to be an indispensable tool for scientific research.

Fish nets may be entered under different tariff items, depending upon their composition and use. For example, some may be entered as lace and netting of vegetable fibres under tariff item

56610-1, at rates of 10 p.c., B.P., and $12\frac{1}{2}$ p.c., M.F.N.; if they are wholly or in part of other textile fibres or filaments they would be entered under tariff item 56611-1 at $17\frac{1}{2}$ p.c., B.P., and $22\frac{1}{2}$ p.c., M.F.N., the item probably relevant to these monofilament, nylon fish nets. For commercial fishing, nets of any kind may be entered duty-free under tariff item 68200-1. Thus, though fish nets are entered free of duty for commercial fishing, they would be dutiable if entered for fishing intended for research purposes.

Information from the Department of National Revenue indicates that fish and bird nets for use in the trapping of insects or animal specimens have been ruled as inadmissible under tariff item 69605-1, though it is understood that plankton buckets, which contain a small net, are admissible.

James Fehr proposed that tariff items 47605-1, 47610-1, 69605-1 and 69610-1 be deleted in their entirety and the following two items be introduced in their place:

696(1): Articles and materials when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes or for the encouragement of the fine arts or for the use and by order of any public hospital or rehabilitation centre, college, academy, school or seminary of learning in Canada and not for sale or for rental.

696(2): Articles and materials which enter into the cost of manufacture of goods entitled to entry under tariff item 696(1).

The submission noted that, with passage of time, item 69605-1 has become inadequate to give tariff relief to the institutions, particularly because of the large number of new products which have become available. The submission made on behalf of Mr. Fehr took the view that tariff item 69605-1 was administered in a way which permitted entry of equipment used in the class room or laboratory but that equipment used in the field was not permitted entry under the item. It was observed in the submission that support had come from the Federal Department of Fisheries because of the Department's interest in encouraging research.

The use of the words "articles and materials" in the proposed item would make the item very broad in scope and would remove the not-made-in-Canada restriction from mechanical equipment. It might be noted that the purpose of James Fehr would be encompassed, for the most part, by the proposal of the Association of Universities and Colleges in Canada (no. (13) below) for articles and items used for teaching and research by a university.

(7) Laboratory animal diets were the subject of a submission from TEKLAB Incorporated, Monmouth, Illinois. The company described itself as "the sole franchised manufacturer of ROCKLAND and TEKLAB Laboratory Animal Stock Diets." The company claimed to be supplying the diets to several sizeable institutions in Canada for their research programs.

Such animal diets may be entered duty-free under tariff item 69605-1 as "scientific preparations", if for experimental use or as feed for animals to be used as research subjects.

In its submission the company requested that feed for research animals, or laboratory animal diets, of types not produced by Canadian manufacturers, be allowed to enter free of duty for the use of any institution engaged in research and that the diets also be free of duty to any breeder of animals that are to be used for research. The company argued that a healthy animal is a necessary tool to the researcher because accurate studies cannot be made without properly maintained animals.

TEKLIAD Incorporated, however, noted in May, 1966, that it wanted to defer the submission of further information which the Board requested and the company has not sought to pursue its submission further.

(8) The Brett-Guard saw safety tool was another of the many imported products brought to the Board's attention. This device is manufactured in the United States by the Brett-Guard Corporation of Bergenfield, New Jersey. It is made of $\frac{1}{2}$ " thick transparent plexiglas (plastic), shaped like a shallow box. The safety tool is designed to protect the operator from physical contact with the sharp-edged saw revolving at high speed and from flying chips while its transparency provides complete visibility of the saw and the work.

It was emphasized that the present tariff situation militates against sales in Canada. The Corporation's sales in Canada during the fiscal year ended July 31, 1965 amounted to about \$2,500 (in U.S. funds) which is said to represent less than one per cent of its total sales of these products. The company's policy is to send the tool to a Canadian school or institution for a trial period. During the fiscal year ended July 31, 1965, the Corporation sent to Canada on a trial basis 439 tools having a total value of U.S. \$42,830; over 80 per cent of these were sent to institutions eligible to import under tariff item 69605-1. Prices for the Brett-Guard safety device range from \$79.50 to \$94.50 in U.S. funds depending on the diameter of the blade for the saw. For example, a guard for a saw with a blade of 12" diameter, costs \$89.50 in the United States.

The Brett-Guard saw safety tool is dutiable under tariff item 90800-1, as a manufacture of synthetic resin, n.o.p., at rates of 15 p.c., B.P., and 20 p.c., M.F.N.

In its submission, the Brett-Guard Corporation proposed that special consideration be given the Brett-Guard saw safety tool under tariff item 69605-1.

In supporting this proposal, the company stated that safety equipment of this kind was not manufactured in Canada and that, for educational institutions where young people operate equipment, this safety equipment should be allowed duty free entry. However, if the safety device is regarded as an accessory to a power table saw, its duty-free entry might very well be dependent upon the "not made in Canada" status of the power table saw.

Provisions do exist within the Customs Tariff for duty-free entry of some safety equipment, and similar types of products, for some industrial uses, for example for mining in tariff items 41022-1 and 41024-1. The Board is faced with the question of how far to go in extending the duty-free provisions applicable to the institutions now within the scope of item 69605-1, and possibly to other institutions, for another category of products, namely safety devices. These devices can be regarded as preventative of handicap rather than as rehabilitative and are, therefore, capable of being considered not only in terms of the institutions provided for in tariff item 69605-1 but of all users.

(9) Museum exhibit cases

A representation on museum exhibit cases was made on behalf of Kewaunee Technical Furniture Company, Statesville, North Carolina, U.S.A.

The company reported that it produced museum equipment, including exhibit cases, for which the demand in Canada was increasing. The cases consist of interchangeable parts constructed of aluminum, wood and glass, equipped with a special lighting system and sealing gasket. The cases were said to be designed especially for museums in order to preserve the exhibits and facilitate the viewing of them. Comparable cases were said not to be available from Canadian production and a duty of 25 per cent is payable on exhibit cases, imported by museums.

On behalf of Kewaunee Technical Furniture Company, it was proposed that a new tariff item be established to provide duty-free entry for these cases, as follows:

"Cases, cabinets and parts thereof, including framed glass, to be used in the exhibition, preparation and storage of articles entitled to entry under tariff item 69305-1, when imported by or for, public museums, public libraries, universities, colleges or schools ..."

The Council of the Canadian Museums Association noted that, in its meeting in January, 1966, support was recorded for the proposal that museum exhibit cases be admitted free of duty.

(10) Electronic equipment used in research was the subject of a submission from Digital Equipment of Canada Limited, Carleton Place, Ontario. The company, incorporated in 1963, is the Canadian subsidiary of Digital Equipment Corporation of Maynard, Massachusetts. The Canadian company was said to supply, either as an importer or a manufacturer, a line of electronic equipment widely used in research. The imported equipment may be entered, apparently as scientific apparatus, under tariff item 69605-1 for the use of the qualified institutions. The company proposed that tariff item 69605-1 be continued in its present form.

The submissions by the Canadian Electrical Manufacturers Association and the Electronic Industries Association of Canada, which are dealt with in a later part of this report, also have relevance to electronic equipment used in research.

(11) Electronic equipment used in amateur radio communication was the subject of a submission by the Canadian Division of the American Radio Relay League, Inc., a non-profit organization whose members are Canadian and American radio amateurs. The Canadian Division of the League represents some 10,000 Canadian radio amateurs; there are some 250,000 in the United States. The submission was said to be made on behalf of the Canadian members of the League.

The League submitted in Reference 134, with minor changes, a submission it had made to the Board following the public hearing on Reference 123 -- Radio, Television and Related Products.

The League pointed out that amateur radio is a service established in most countries of the world pursuant to the Regulations of the International Telecommunications Union established by the United Nations. Amateur experimental service provides training and experience which is useful for emergency communications in time of war or disaster. The League draws its members from all walks of life and from all age groups.

The equipment used by radio amateurs is electronic apparatus said to be well defined and clearly distinguishable from other radio equipment. It is known in the trade as "amateur-band equipment" and is restricted to the specific radio frequencies assigned by international convention for amateur radio use. It includes transmitters, receivers, transceivers and accessory equipment, in finished form or as kits, designed solely for use by radio amateurs. It is designed for high frequencies and is incapable of operating on other frequencies without very considerable modifications. The price of a receiver generally is from \$300 to \$700, of a transmitter, from \$400 to \$850 and of a transceiver from \$500 to \$1,300; kits for the assembly of the units are available at substantially lower prices. In addition, a power supply unit which costs about \$150 is required.

Most radio equipment imported to Canada is entered under tariff item 44510-1 (formerly 445d) which provides for "Electric wire-less or radio apparatus and complete parts thereof, n.o.p." free of duty under the B.P. Tariff and at 20 p.c. under the M.F.N. Tariff. Some of the equipment used by radio amateurs is imported from England and Italy, but most of the finished equipment, as well as the kits, is imported from the United States. In addition to the 20 per cent duty, there is also the federal sales tax and an excise tax of 15 per cent on "radio broadcasting receiving sets", both calculated on the duty-paid value. As an example of the effect of the taxes, the League stated that a popular American kit for assembly into a transceiver sells in the United States for \$119.95 and in Canada for \$179.95, a price 50 per cent higher than that in the U.S.A., a difference approximately equivalent to the duty and taxes referred to above.

The League proposed that a new tariff item be established in the 696 series, worded as follows:

"696(g) - Apparatus comprising transmitters, receivers and transceivers and accessories thereto capable of operating only within bands of frequencies allocated to radio amateurs for use by amateur experimental radio stations

Free

Free

Free"

The Board has received letters in support of this proposal from the following organizations whose members, for the most part, were represented by the Canadian Division itself:

B.C. Section of the Canadian Division;
 Royal City Amateur Radio Association, B.C.;
 Vancouver Amateur Radio Club;
 Victoria Short Wave Club;
 Kamloops Amateur Radio Club;
 Cowichan Valley Radio Club;
 Northern Alberta Radio Club;
 Calgary Amateur Radio Association;
 Amateur Radio League of Alberta;
 Radio Amateur de Quebec Inc.;
 Canadian Electronic Wholesalers Association;
 Montreal Amateur Radio Club, Inc.;
 Halifax Amateur Radio Club;
 Nova Scotia Amateur Radio Association.

The League's proposal would eliminate both tariff and federal sales tax on amateur radio equipment. It was said that no problem would arise in guarding against abuse of the privilege of free entry, particularly because the League had refrained from requesting that the item apply to basic components used elsewhere, such as oscilloscopes and signal generators.

The League argued as follows:

"One of the primary purposes of an import tariff is the protection of a domestic industry ... Only a minuscule portion of the equipment used by radio amateurs in Canada is in fact manufactured here ... Amateur radio is as old as the art of radio itself and despite the protective tariff which has long existed, the Canadian electronics industry has never found it worthwhile to embark in any significant degree upon the manufacture for domestic consumption of the specialized equipment designed specifically for amateur use ..."

The League also pointed out that removal of the duty and sales tax on this equipment would have no material effect on federal revenues but would assist greatly the radio amateur and the advancement of the art. Amateur radio transmission and receiving was considered by the League to be educational and, at times, to be a public service.

At the public hearing, a spokesman for the Electronic Industries Association of Canada questioned whether the brief of the Radio Relay League covered a subject that was within the scope of the reference, having regard to the fact that radio apparatus had been dealt with in full by the Tariff Board under Reference 123, and that the user designated in the brief of the League was an amateur radio station.

After the public hearing on Reference 134, the Board received an objection to the League's proposal from Delta Electronics Limited of Rexdale, Ontario, in part, as follows:

"We wish to advise that our Company has spent considerable time and money on the development of Single Side Band Receivers and Transceivers and that we are very nearly ready to begin Canadian production of this type of equipment. We, therefore, submit that any application for the removal of import duty on this type of Single Side Band equipment be refused since this equipment is now of a class or kind which is made in Canada."

The company indicated that it intended to start marketing single side band transceivers of its own manufacture in the near future, with the estimated selling price of \$595. The company also informed the Board that many radio amateurs in Canada were anxious to convert to single side band equipment if this could be done at a reasonable cost. Delta Electronics Limited knew of no other Canadian company manufacturing, or intending to manufacture, single side band apparatus for amateur or other use.

Another Canadian company, Daystrom Limited of Cooksville, Ontario, offered the following comments when asked by the Board for information:

"We are very sympathetic with the amateur fraternity in their brief, since it is evident that outside of North America the highest level of activity in amateur radio seems to be in countries which have the lowest import duties on radio apparatus. The present level of activity in Canada will not support any appreciable design or manufacturing for their purpose and so we would see more benefit from stimulation of this market in the long run than from protection through tariff of the marginal existing effort today. In our own case we manufacture only four small items in Canada for amateur radio, all of them valued under \$20.00."

(12) Other importing interests

Jack Hood School Supplies Co. Ltd., Stratford, Ontario, a distributor of school supplies and equipment noted in a letter to the Board, that it could import some articles free of duty for use in teaching in schools, but other articles were dutiable. The company's interest was in goods used for the teaching of arithmetic and reading in schools; for these purposes, the company proposed that all goods be admissible free of duty.

William Gold Refining Company of Canada Ltd., Fort Erie, Ontario, wrote to the Board to express dissatisfaction with the interpretation of the provisions of tariff item 69605-1 and the uncertainties which the company considered were experienced both by importers and manufacturers of goods for the qualified users of the item. The company stated that, both as a manufacturer and an importer, it experienced difficulties because of the provision in tariff item 69605-1 for exemption from federal sales tax. When selling certain goods to the universities, the company stated that if it added the federal sales tax, it was informed by the prospective purchaser that the goods were exempt from the tax and could be imported directly by the university tax-free. The company noted that, in some cases, if it accepted this position and allowed exemption from sales tax, the

exemption could subsequently be disallowed and the company become liable for the tax. Similarly, if the company imported goods for sale to a university and quoted on a duty-free, tax-exempt basis, the company's subsequent application for refund of duty and sales tax might be disallowed.

A different type of expression of interest came from the Carpenters and Joiners Local 494, Windsor, Ontario. The Local sought removal of duty on blue prints imported for instructional purposes in apprenticeship training. The Local proposed that this be accomplished within the duty-free provisions either of tariff item 17200-1 or of tariff item 69605-1.

(13) Users of educational and scientific equipment

In addition to the users mentioned above, representations covering a wide range of goods were received from other users of educational and scientific equipment, qualified to import under item 69605-1. These included: the Association of Universities and Colleges of Canada (formerly known as Canadian Universities Foundation), the University of Manitoba, the Canadian School Trustees' Association, the Canadian Teachers' Federation and a number of school Boards across Canada. In addition, because of their relationship to the submission by the Canadian Teachers' Federation, three other representations are included here. They were by Schulmerich Carillon Inc., Mardi Gras Distribution Corporation, and by Trojan Manufacturing Ltd. Representations by industrial users are dealt with in the next section.

The area of interest of the universities is extensive; the spokesman for the universities emphasized that the teaching and research activities of the Canadian universities have become so complex that tariff item 69605-1 does not now cover their needs. The major categories of products (categories each with imports of over \$400,000) imported under tariff item 69605-1 in 1966 included:

- Biological products for human use;
- Calculating machines and parts;
- Dental instruments, equipment and parts;
- Electricity-measuring instruments and parts;
- Electronic computers and parts;
- Geophysical and mineral prospecting equipment and nuclear radiation detection and measuring devices and parts;
- Hospital equipment, utensils, accessories and parts;
- Industrial chemical specialties;
- Laboratory balances and parts;
- Laboratory glassware, ceramic ware and parts;
- Laboratory and scientific instruments, apparatus, equipment and parts;
- Measuring and measuring-controlling instruments and parts;
- Medical and surgical instruments, equipment and parts;
- Medicinal and pharmaceutical products;
- Milling machines, metalworking machines and parts;
- Optical apparatus, instruments and parts;
- Packaged liquid chillers, centrifugal type;
- Photographic film and plates sold to consignee, exposed;
- Physical properties testing and inspection equipment and parts;

Projectors, still picture (except microfilm projectors);
 Radioactive elements, isotopes and compounds, and stable
 isotopes and their compounds;
 Radio and television broadcast and transmitting equipment;
 Spectrometers, spectrophotometers and parts.

Although the \$68 million of imports under tariff item 69605-1 were classified in some 600 different statistical classes, the categories listed above accounted for nearly 80 per cent of total imports. In these categories are the importations by public hospitals, schools and religious institutions as well as those by colleges and universities. Based on a one-month sample survey of imports in 1966 it would seem that nearly 50 per cent of all imports under the item is for the use of universities.

It was said by the spokesman for the Association of Universities and Colleges of Canada that, because tariff item 69605-1 is now out of date, universities have to pay duty on many articles used in teaching and research which increases needlessly the cost of higher education. The following articles were given as examples of dutiable products imported by universities for teaching and research purposes:

Galvanized animal feeders (for research);
 Wrestling products (for physical education);
 Library card sorters and library stacks;
 Portable tracing table (for geography teaching);
 Weighing paper (for weighing in micrograms);
 Lens paper (for cleaning microscopes and similar lenses);
 Nylon bird nets and fish nets (used in zoology and biology departments);
 Empty bottles.

It was estimated by the spokesman for the universities that as much as one per cent of the annual operating budget of a university may be used for the payment of duty and sales tax. The operating budget of all Canadian universities for 1965 was estimated by the spokesman at \$400 million, suggesting an amount of \$4 million for payment of duty and sales tax. The capital expenditures of all Canadian universities for the same year were also estimated at \$400 million and it was said that probably as much as 5 per cent of this (or \$20 million) would be involved in duty and sales tax because of the tremendous amount of specialized, imported equipment bought to equip new buildings such as medical schools, dental colleges and science faculties. Data prepared by the D.B.S. show operating expenditures for universities and colleges of about \$430 million for the academic year 1965-66, capital expenditures were only \$250 million. However, the D.B.S. report noted that the estimated combined operating and capital expenditures for the year 1967-68 would exceed one billion dollars.

The Association proposed the revision of tariff item 69605-1 to provide what it referred to as "a clear-cut, simple exemption for all items used for teaching and research by a university."
 (Vol. 2, p. 381)

The Association did not attempt to provide a specific wording for its proposed revision; considerable difficulty might be encountered in attempting to determine, for some goods, whether they were for teaching and research within the meaning of such a provision.

In support of its proposal, the Association noted that:

"It is many years since this Tariff Classification has been revised and the intended exemption for 'scientific and philosophical supplies and apparatus' has been the subject of so many unfavourable rulings that universities now pay duty on many items used in teaching and research. This would seem to be a needless increase in the cost of higher education, both from the point of view of the tax paid and of the resulting administrative and clerical cost which are shared by both the universities and the government." (Vol. 2, p. 380-1)

The Association's proposal is essentially the same as Recommendation No. 6 made by the Canadian Universities Foundation in its submission to the Royal Commission on Taxation in November, 1963.

The spokesman for the universities pointed out that tariff item 69605-1, as it now stands, apart from all other considerations, is somewhat archaic, especially the provision for "philosophical and scientific apparatus". He recommended that the item be unqualified by any restriction to "class or kind not made in Canada" because of difficulties encountered by the institutions and the staff time required to interpret and apply it. He said that universities would always patronize the domestic supplier when goods of equal specification and cost were available from Canadian manufacturers, but that they wanted to be able to import free of duty when purchases had to be made outside Canada.

Of the expenditures noted by the universities as payment of duty, both in the operating and capital budgets, some presumably would be on goods not regarded as "philosophical and scientific", some on goods not considered to be "apparatus, utensils, instruments and preparations" within the meaning of item 69605-1, and some on mechanical equipment of a class or kind made in Canada. In particular, much of the capital equipment probably would not be within the scope of item 69605-1, nor does it seem that the item was designed to provide for capital equipment of a general nature. Moreover, the proposal by the Association would not necessarily alter this circumstance greatly. The proposal would provide duty-free entry for all goods used for teaching and research by a university and it would not provide exemption from duty for other articles within the operating and capital budgets of the universities.

Thus the proposal of the universities would broaden the scope of item 69605-1 to the extent that the provision for all goods used for teaching and research is broader in scope than the existing provisions for specified types of equipment and apparatus. Moreover, the absence of any not-made-in-Canada qualification would broaden the provision for mechanical equipment and might have a significant impact on Canadian manufacturers. If, however, importations of mechanical equipment were restricted to such equipment for use in teaching and research, some narrowing of the scope of the item could result. The existing provision for mechanical equipment, while limited to that not made in Canada, is not restricted to equipment used only for teaching and research. No assessment can be made of the net effect on the payment of duties and sales tax which the proposed item, if implemented, would have. Some general comments concerning the impact of the pro-

posals were made at the public hearing; that by the Dominion Glass Company has been noted above with respect to laboratory glassware. It might be noted further that some of the general submissions, for example that by the Canadian Manufacturers Association and that by the Canadian Electrical Manufacturers' Association dealt with in a later section, also expressed concern over any broadening of the duty-free provisions of item 69605-1, with respect to goods of a class or kind made in Canada.

The University of Manitoba, a member of the Association, proposed, in a separate brief, that:

"the present Tariff be revised so as to permit free entry of goods into Canada, where the 'end-use' is to be use by a University, as an institution devoted to advancement of learning by teaching, by pure and applied research and as a collator and custodian of the knowledge of man." (Vol. 2, p. 390)

The University of Manitoba submitted that Parliament intended the tariff to benefit universities, but the present wording results in a considerable amount of duty still being paid by the institutions. In order to broaden the benefit, "end-use" should be the criterion for determining duty-free importations. In fact, the proposal is much broader than that by the Universities' Association because it is not confined to goods used in teaching and research. The proposal would permit the user, namely the university, to import duty-free any goods which it required.

The spokesman for the University of Manitoba expressed the view that Canadian universities should be given treatment similar to that given to farmers who, though in a profit-seeking enterprise, are allowed to import a very wide group of commodities free of both duty and sales tax for the end use of agriculture.

With respect to the universities' proposal, the Graphic Arts Industries Association noted that it would support the duty-free entry of printing machinery for universities only if the same were provided for commercial printers. The spokesman for the Association noted that, while commercial printers pay duty on machinery to produce publications, university printing establishments can import the machinery free of duty under item 69605-1 because it is of a class or kind not made in Canada. As a result, the universities can do their own printing at a much lower cost than commercial printers.

The Canadian School Trustees' Association, representing a large number of the school boards across Canada, requested that the present duty exemptions on library books, maps and educational supplies, when imported for use by bona fide educational institutions, be continued.

The Canadian School Trustees' Association, in a brief to the Federal cabinet in 1965, noted that about three-fourths of all books distributed in Canada are printed in the U.S.A. and, upon importation into Canada, bear the additional cost of a 10 p.c. duty and of the exchange differential. The price of imported books was said often to exceed the published American price by 25 to 35 per cent. Most books for schools, however, would be entered free of duty under tariff items 17305-1, 17310-1 and 17315-1.

Concerning maps and educational supplies, the Association informed the Board that a large percentage of the maps and globes purchased from Canadian suppliers were imported from the United States. Maps are specifically named in tariff item 69605-1 and, therefore, may be imported free of duty by schools. Globes may be entered free of duty for any use under tariff item 69700-1.

Of other educational supplies, excluding equipment, 95 per cent was said to be manufactured in Canada.

Many types of educational supplies and equipment may be entered free of duty under item 69605-1 or other items. For example, moving picture films, sound or silent, sound film tracks, slides and related goods when of an international educational, scientific or cultural nature, may be entered duty-free under item 69615-1; sound recordings for language training or for libraries, under item 69625-1; and botanical, entomological, mineral specimens, certain bird and animal skins and skeletons and other articles, under item 69900-1.

According to the Canadian School Trustees' Association, the recommended list of books used in school libraries includes 751 titles, 33 of which are published in Canada, 124 in Great Britain and 594 in the United States. Therefore, most books for school libraries have to be imported.

The Association's brief to the Cabinet in 1965 requested

"the Government to consider the ratification of the 'Florence Agreement' which regulates the free flow of materials, including books, across the borders of those nations whose signatures appear on the document.

"Canada's signature on this Agreement would be a most positive and comprehensive achievement of the objectives of this Association as they pertain to reading materials."

The Florence Agreement "on the Importation of Educational, Scientific and Cultural Material", essentially an instrument to promote social and cultural understanding among nations by, among other things, permitting the free flow of publications and certain other things between countries, has been signed by 52 countries including the United States which implemented the Agreement in October, 1966.

The Board received letters from a number of other educational institutions expressing interest similar to those expressed by the Association of Universities and Colleges, the University of Manitoba and the Canadian School Trustees' Association. In general, these submissions sought to ensure that the duty-free provisions of tariff item 69605-1 were not restricted, or were expanded to apply to all goods used in teaching and research or otherwise used for educational purposes. In general, these parties favoured an interpretation of tariff item 69605-1 which would make the end-use of teaching, research or education the determining criterion for the classification of goods in tariff item 69605-1. The educational authorities which expressed these interests included:

The Board of Education, Township of Scarborough;
 The Board of School Trustees, School District No. 59
 (Peace River South);
 The Medicine Hat Separate School District No. 21;
 The Sudbury Public School Board; and
 The Winnipeg School Division No. 1.

The Canadian Teachers' Federation presented a submission concerning musical instruments. The Federation represents 110,000 public and high school teachers in the ten provinces and the Northwest Territories.

Instrumental music is taught as an optional subject in schools in almost all provinces; no fee is charged to students who take the instruction. Usually a school seeks to have enough instruments, in varying combinations of brass, wood-wind, string and percussion instruments, to equip a band or an orchestra. The cost of equipping a band with the requisite variety of instruments often amounts to as much as \$15,000 and cost is a major obstacle to the establishment of school bands and orchestras. The federation informed the Board that, as far as it was able to determine, the instruments used by school bands are all imported; most come from the United States, some from France and Germany.

While some instruments may be entered free of duty, particularly under item 59755-1, the following musical instruments used by schools are dutiable: tuned hand bells, orchestral bells, cornets, trumpets, French horns, euphoniums, trombones, tubas, sousaphones, flugelhorns, glockenspiels, cymbals, snare drums and bass drums. Most of these instruments would be dutiable under the following three tariff items:

59725-1: (597a(1))	Musical instruments of all kinds, n.o.p.		
	15 p.c.	17½ p.c.	30 p.c.
59805-1: (598(1))	Brass band instruments, of a class or kind not made in Canada		
	Free	17½ p.c.	25 p.c.
59810-1: (598(2))	Brass band instruments, n.o.p.		
	Free	20 p.c.	25 p.c.

Tuned hand bells and orchestral bells are dutiable under item 35200-1, at rates of 20 p.c., B.P., and 20 p.c., M.F.N.

In its submission for the public hearing, the Federation proposed that tariff item 69605-1 be extended to include musical instruments when imported for use by bona fide educational institutions.

The Federation contended that schools in Canada are being reproached for neglecting the arts in their programs. In its view, the cultural backwardness of Canadian society is frequently deplored, and many authorities express alarm at the failure of the educational system to offer education in artistic taste. In many parts of Canada, efforts

are being made to fill this gap; the difficulties faced by the school boards include the higher cost of instruments resulting from the duty on them. This situation was cited by the Federation as discriminatory compared to scientific apparatus and a wide range of other articles and equipment admissible free of duty when intended for use in schools. The effect of duty is enhanced by the federal sales tax, payable on the duty-paid value. Musical instruments granted duty-free entry under tariff item 59755-1 are still liable to the sales tax; if provision were made for musical instruments under tariff item 69605-1, they would be exempt from both duty and federal sales tax, for the approved users.

It was also noted by the Federation that the instruments listed under tariff item 59755-1 do not include the simpler sort needed for the introduction of music into elementary schools as a part of general education, from the teacher's point of view, a particularly important educational requirement.

Three other representations were received on musical instruments: those of Schulmerich Carillons, Inc., the Mardi Gras Distributing Corporation and Trojan Manufacturing Ltd.

Schulmerich Carillons, Inc., a manufacturer in the United States of musically tuned hand bells, sought duty-free entry into Canada of these hand bells for certain groups and organizations. The company's manufacturing facilities for hand bells were established in 1962 in Sellersville, Pennsylvania.

Hand bell-ringing is said to offer a new medium of musical expression and group activity for most age groups. Hand bells, adaptable to various levels of musical education, may be used to teach note-reading and rhythm and to provide a new musical experience. The price of a basic set of 25 bells, including carrying case, in the U.S.A. was \$790 but, because one set can be used by a group of 8 to 15 students, the cost per student was said to be lower than that for many other musical instruments.

The company spokesman was aware of only two other manufacturers of this type of bells, one in England, the other in Holland.

The company's Canadian sales during the three years before the public hearing were fewer than 10 sets, sold primarily to churches. For the use of churches, the bells may be entered free of duty and sales tax under tariff item 35205-1. When imported for other users, hand bells may be entered under a provision for bells and gongs in tariff item 35200-1, at 20 p.c., under both the B.P. and M.F.N. Tariffs. Products imported under tariff item 35200-1 are subject to the federal sales tax, levied on the duty-paid value.

Schulmerich Carillons proposed that the duty-free entry of musically tuned hand bells be extended to educational, artistic, cultural, and charitable institutions, organizations, and groups. The company claimed that some schools in Canada have expressed interest in purchasing hand bells, but found the price, including the duty and sales tax, too high.

In a separate brief, the company requested duty-free entry for electro-mechanical carillonic bells when they are to be installed as Centennial projects in Canada.

The Mardi Gras Distributing Corporation, of Montreal, in its submission, reported that it is the sole distributor in Canada of the "Magnus" table model 25 key, 6 chord plastic reed organ, manufactured in the United States, the only country said to manufacture this type of organ.

The instrument is a small (17 lb.) organ, powered by a small motor. When certain keys and chords are pressed, music results so simply that, it was stated, anyone could be expected to be able to play it without training, by following the numbered guides. The spokesman for the Corporation indicated that the plastic reed helped to produce the fine notes characteristic of the instrument, and that it was the only organ produced anywhere with a plastic reed.

In the United States, the organ is priced at \$19.95 retail, thus allowing many families which could not afford expensive instruments to introduce their children to learning this kind of music. In Canada, the retail price for the organ was \$39.95 at the time of the public hearing; much of the additional cost, it was claimed, was due to the duty and the federal sales tax. According to the spokesman, the organ could sell in Canada for \$29.95 if the M.F.N. duty were reduced by 20 percentage points, as proposed by the company. The organs were said to be popular items: in the first year of operation in Canada 7,000 were sold; in the second year, the company expected to sell about 15,000.

The company requested the reclassification of this organ from tariff item 59705-1 to tariff item 59745-1.

At present, the organ may be entered generally under tariff item 59705-1, at 20 p.c., B.P., and $22\frac{1}{2}$ p.c., M.F.N. When purchased by schools, hospitals and other similar institutions, it may be entered duty-free under tariff item 69605-1, as "mechanical equipment of a class or kind not made in Canada".

Tariff item 59745-1, under which the company proposed that the organs be entered, provides for "accordions", at rates of $2\frac{1}{2}$ p.c., B.P., and $2\frac{1}{2}$ p.c., M.F.N. The company would add to the item a provision for "plastic reed organs". The organ was said to be of a class or kind not made in Canada.

The company considered that the increase in sales of the organs, as a result of the lower price following the reduction in duty, might eventually warrant the establishment of facilities in Canada to manufacture them.

If the suggested *eo nomine* provision for plastic reed organs under tariff item 59745-1 prevented their duty-free entry under item 69605-1 for the institutions there mentioned, the company would be willing to forego duty-free entry under 69605-1. The organs would then be subject to the $2\frac{1}{2}$ per cent duty and the federal sales tax under item 59745-1.

It was pointed out to the Corporation's spokesman that Reference 134 was concerned primarily with the duty-free entry of goods for certain worthy purposes such as education and hospital use and that the Board was not engaged in the reclassification of goods more generally from one item to another in the Customs Tariff.

Another musical teaching aid was brought to the Board's attention as a subject of interest to Trojan Manufacturing Ltd., Calgary, Alberta. The company expressed interest in a product known as a "Music Board". It was described not as a musical instrument but as an electronic device built solely for instructional purposes. It combines visual presentation of a scale or notes with audio presentation of the illustrated scale or note. The Music Board is imported from Japan and the company was interested in obtaining duty-free entry for it, possibly under the provisions of item 69605-1.

Summary of Representations on Educational, Scientific and Related Goods

An assessment of the market for goods used for scientific or educational purposes is naturally very difficult. An assessment of the impact of the proposals is likewise difficult because nearly any goods can be used for educational purposes, in the broadest sense; some proposals, therefore, would be limited only by the qualifications concerning approved users. Many products of an educational or scientific nature also have a number of other uses and, in particular, are used in an almost identical way by commercial establishments. This is exemplified in the use by mining, oil and exploration companies of scientific apparatus for making observations and discoveries in the natural sciences. In another context, a book or a motion picture may be entertaining as well as educational. In addition, some equipment has both a scientific and a hospital or medical use. Moreover, the term "scientific" appears to be used in an increasingly broad sense for empirical or applied studies not only in the physical sciences but also in social research as well.

In addition to expenditures on goods used directly in scientific and educational pursuits, the institutions spend very large sums on materials and articles for capital investment in buildings and for normal "housekeeping" requirements. Some of the goods for these uses are permitted duty-free entry under item 69605-1; some of the proposals to enlarge the scope of the duty-free provisions for goods used for educational or scientific purposes, could narrow or eliminate the provisions of item 69605-1 under which these other goods are permitted entry.

Four types of products in this general educational and scientific field were represented as including some goods now manufactured in Canada. These were:

Audio-visual equipment (mobile projection tables, rear projection screens, other related products);

Electronic and related teaching aids;

Environmental control equipment;

Scientific and laboratory glassware.

Manufacture of the above products in Canada, for the most part, is of quite recent origin. In addition to these four categories, there undoubtedly are many other types of products used generally in this field which are manufactured in Canada but which were not brought

before the Board. A considerable portion of all equipment and goods especially designed for educational and scientific use is not available from domestic manufacture and, consequently, has to be imported. The imported goods come principally from the U.S.A., and many may be entered duty-free, at least for some users. A similar situation prevails generally for many of the less specialized goods.

The users of the educational and scientific equipment who came before the Board are mainly non-commercial; they include schools, universities and libraries. The users, however, could not give the Board any indication as to the amount or value of such equipment required by them or of the proportion which would have to be imported. All that can be said for certain is that the total market amounts to many millions of dollars annually, certainly in excess of \$50 million.

Tariff items involving educational, scientific and related goods may be considered in the following three categories:

- (1) Tariff items specifically referred to the Board by the Minister;
- (2) Tariff items not referred to the Board by the Minister specifically, but which provide for educational and scientific products which were the subject of submissions;
- (3) Tariff items, not referred and not specifically mentioned, but which provide for similar goods.

The first category includes tariff items 46200-1, 47605-1, 69605-1 and 69610-1. Most of the submissions received in this area involved tariff item 69605-1 in some way. Some of the proposals would leave the item unchanged, but most users suggested amendment of the wording, to enlarge the duty-free provisions by including additional users or additional goods and purposes. However, the proposals by domestic manufacturers would restrict free entry under the item to goods of a class or kind not made in Canada.

Not many of the submissions dealt explicitly with items 46200-1, 47605-1 or 69610-1. Although tariff item 46200-1 provides specifically for certain types of goods, the provision for "philosophical" instruments appears to broaden somewhat the range of goods permitted entry under the item. However, goods imported under item 46200-1 are dutiable at rates of $2\frac{1}{2}$ p.c., B.P. and 15 p.c., M.F.N. The provision for scientific apparatus in tariff item 47605-1 is restricted to use for laboratory work in public hospitals; the item has no direct relevance, therefore, to users of scientific or educational equipment more generally. One point of concern with item 69610-1 was that, because of the difficulties of record-keeping, the item does not always provide manufacturers with relief from duty on articles and materials which they import for use in the manufacture of goods of a type eligible for entry under item 69605-1.

The second group of tariff items consists of items not specifically referred to the Board but which were the subject of submissions and which provide for products for educational and scientific use (as well as for other products). Only items 17305-1 and 17315-1, which provide for textbooks for universities and books for libraries,

are restricted to institutions such as those provided for in tariff item 69605-1. Tariff items which provide for "precision instruments and apparatus" and "electric apparatus", for example, permit entry of these products by laboratory suppliers and for sale to industrial as well as medical and scientific laboratories.

Tariff items in this second category include: 17100-1, 17305-1, 17310-1, 17315-1, 32648-1, 35200-1, 35205-1, 41043-1, 43910-1, 44524-1, 44532-1, 44603-1, 46300-1, 46310-1, 46315-1, 47600-1, 56610-1, 56611-1, 59505-1, 59705-1, 59725-1, 59730-1, 59745-1, 59755-1, 59805-1, 59810-1, 66310-1, 69700-1, 69615-1 and 90800-1. There are, moreover, a number of other items. For example, at least 70 tariff items were listed as applying to laboratory supplies. By no means all of the items in this second category provide duty-free entry. The many provisions in the Customs Tariff that apply to goods which some interested party would regard as educational or scientific contain a great variety of duty provisions for such goods.

The third category -- items not specifically mentioned -- contain items, such as 18800-1 which provides for paintings, drawings, photographs and similar works of art. There are also items for various types of musical instruments. Education in artistic taste and performance, for example, was represented as a logical extension of existing duty-free privileges.

The provisions in the Tariff for educational and scientific goods, therefore, illustrate very well one of the principal problems before the Board. The Customs Tariff cannot possibly provide by name for all articles of an educational and scientific nature: the list would be very long today and out of date tomorrow. On the other hand, if end-use alone were made the governing factor in an item providing, for example, duty-free entry for "goods for education and science", the scope of the duty-free provisions could be very broad indeed and ambiguous besides, with consequent difficulties for Canadian manufacturers, importers and officials. Restriction of the duty-free provisions to goods of a class or kind not made in Canada might represent an unnecessary constraint in some cases and cause additional problems of administration which, in turn, would create delays, frustrations and additional costs.

Commercial Research and Development Equipment

In this area, the proposals made to the Board came mainly from associations of users of such equipment which represented large segments of Canadian manufacturing industry. A submission was also received from a supplier of imported research equipment. A brief summary is also given in this section of some forms of federal government assistance available for industrial research.

(1) The Canadian Pulp and Paper Association is composed of about 60 manufacturing companies; the members of the Association are said to produce approximately 95 per cent of the tonnage of pulp and paper produced in Canada.

On behalf of its members, the Canadian Pulp and Paper Association submitted the following proposals:

- (1) That tariff item 696(1) (now 69605-1) be amended to include the following:

"... or for the use and by order of any industrial establishments or laboratories for purposes of research and development, ...";

- (2) That tariff item 696(2) (now 69610-1) be replaced by the following:

"Equipment and apparatus, and parts thereof, of a class or kind not made in Canada, when for testing and measuring the properties of pulp and paper, and the materials used in the manufacture thereof, and not for sale or for rental, under such regulations as the Minister may prescribe.

Free

Free

Free"

- (3) That former tariff item 696(2) should become tariff item 696(3) as follows:

"Materials and articles for the manufacture of the goods specified in tariff items 696(1) and 696(2).

Free

Free

Free"

The equipment used in research and development by the pulp and paper industry includes a wide variety of specialized products. It includes equipment to study pulp, paper and wood, to determine the pulping properties of various wood species. It includes small-scale equipment for making pulp from wood in the laboratory, for making paper from that pulp and for studying the chemical liquors involved in the pulping operations. Most of this equipment is said to originate from intensive research and development activities in other countries. Virtually all of the equipment imported by the pulp and paper industry for research and development comes from M.F.N. countries, mainly from the U.S.A., but some from the Scandinavian countries.

The equipment used in the research activities of the pulp and paper industry is dutiable under a great number of tariff items but most of it is entered under 15 items: 32603-1, 32615-1 and 32648-1 (for glassware); 35400-1 (manufactures of aluminum), 41220-1 (printing presses and parts), 42701-1, 42720-1, 44603-1 (machinery and manufactures of iron or steel); 43145-1 (meters and recorders), 44514-1, 44516-1 and 44524-1 (dynamos, generators and transformers); 44532-1 (certain electrical precision instruments and apparatus), 46105-1 (scales, balances, strength-testing machines), and 46200-1 (photographic, mathematic, optical and certain other instruments). Under these items, rates of duty vary, under the British Preferential Tariff, from Free to 15 p.c. and, under the Most-Favoured-Nation Tariff, from $7\frac{1}{2}$ p.c. to $22\frac{1}{2}$ p.c.

Because of the specialized nature of this equipment the Association thought that the limited market for it in Canada would not be sufficient to interest Canadian manufacturers to engage in its production.

The Association conducted a survey of some thirty of the largest companies in the pulp and paper industry, covering a period of the three calendar years, 1962 to 1964. The companies participating in the survey were said to produce about 75 per cent of the tonnage of pulp and paper produced in Canada; they spent a total of approximately \$26.5 million on research and development during the three-year period. Of this amount, more than \$1.75 million was spent on equipment. In dollar terms, less than half of this equipment was manufactured in Canada. Over the three-year period covered by the survey, therefore, roughly \$900,000 was spent by the companies on equipment manufactured outside of Canada. The spokesman for the Association estimated that about 20 per cent of this sum (or \$180,000) was paid to the government in customs duties.

The Association, together with individual sustaining members, supports the Pulp and Paper Research Institute of Canada, a non-profit research establishment, organized in the 1920's, which is entitled to import under tariff item 69605-1. The federal government, which once gave annual grants to the Institute, paid for the construction of a new research centre in Pointe Claire, Quebec, as its standing contribution to the organization. The Institute charges a fee for certain services such as special research projects for individual companies; such fees constitute not more than 10 per cent of the Institute's annual budget of between \$1.5 and \$2 million.

In support of its proposals, the Association noted that, with a principal interest in exporting, the industry had to remain efficient and carry on increasing amounts of research and development. This industrial research, it urged, benefits the country as much as that by non-profit institutions (such as the Pulp and Paper Research Institute) which are supported by the federal government; nevertheless, the pulp and paper industry pays import duties on equipment much of which is not made in Canada. Extension of the duty-free provisions of item 69605-1 to commercial and industrial establishments would encourage more research and improve the quality of products, thus enhancing the competitive position of Canadian industry.

The spokesman for the Association said that the term "philosophical" has no recognized meaning in the industry; the Association retained the word in its proposal only because other parties might have an interest in what the term might describe.

At the public hearing, the representative of the Graphic Arts Industries Association commented on the proposal of the Canadian Pulp and Paper Association. He said that in the new item 696(2), as proposed by the pulp and paper industry, the Graphic Arts Industries Association would like to see the following added after the words "of a class or kind not made in Canada": "but not to include mechanical equipment for printing or for otherwise reproducing images in permanent or semi-permanent form".

The briefs of the Canadian Electrical Manufacturers Association and of the Electronic Industries Association of Canada (dealt with in a later section of this report) both suggested that the inclusion of research and control equipment for industrial use would create administrative problems because this equipment is used in the manufacturing process, and not just in laboratories; these Associations were opposed to this extension of the item. The spokesman for the Canadian Pulp and Paper Association did not consider that, in the pulp and paper industry, any particular problem arose on this account.

In urging its proposal the Association noted that the textile industry enjoyed the advantages of tariff item 41305-1 which allowed the free entry of machinery or apparatus for use in the manufacture and testing of certain textiles; the item is worded as follows:

41305-1: Machinery and apparatus, of a class or kind not made in
(413(1)) Canada, and parts thereof, specially constructed for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only

Free

Free

10 p.c.

It will be observed that this item provides for manufacturing as well as for testing; a comparable provision in an item such as proposed by the Pulp and Paper Association presumably would eliminate the necessity of distinguishing between testing and manufacturing though it would not meet the objections of Canadian manufacturers to the extension of the item.

(2) The Air Industries Association of Canada was said to represent 91 companies engaged in the manufacture of aircraft and parts; these included virtually all Canadian aircraft producers.

In its submission, the Air Industries Association proposed the broadening of the provisions under tariff item 69605-1 to allow private companies to import equipment for use solely in research and development, when such equipment is of a type or size not made in Canada. This encouragement to carry out research and development, the Association thought, should be given to the industry.

As background to the industry, the Association called attention to its presentation to the House of Commons' Special Committee on Defence in November, 1964, which is in part as follows:

"the manufacturing section of the industry has continued to diversify its products and markets and has won substantial export orders against larger and more powerful competitors ... in order to maintain our current position we must make sincere efforts of our own to justify our continued existence on the present scale. Unless we are successful ... we will lessen our ability to conduct research and development which plays such an important part in an industry like ours."

Employment in the Canadian Air Industries was reported to be 34,000, including many highly skilled scientists, engineers and technicians. The total value of production in 1963 was over \$500 million, of which about 50 per cent was exported.

It was noted further that the industry is based in large part on advanced technology which, in turn, requires substantial research and development. The industry's substantial reliance on government assistance was also noted.

Concerning the type of equipment involved in research and development by the air industries, the Association could only indicate to the Board that there was specialized equipment in the following categories:

- presses;
- welders (both very heavy and very light);
- vacuum plating equipment;
- photographic equipment;
- tensile and other strength measuring apparatus;
- electrical and electronic measuring and control apparatus.

The Association added, however, that there were many other types of equipment involved, and that newly developed machines and apparatus were being introduced daily. Almost all of this specialized equipment is imported, because most of it is developed in the United States, Britain, Germany, Switzerland and Japan.

Expenditures on research and development by the Canadian aerospace industry were \$44 million in 1963 (including R&D expenditures by aircraft and aircraft parts manufacturers). Approximately 40 per cent of these expenditures was said to be for types of scientific equipment and for materials such as are under discussion in Reference 134, for example, a broad range of testing equipment.

Seven tariff items were mentioned as principally relevant to importations of research equipment by the aircraft industry; all of these items provide for duties, at least under the M.F.N. Tariff. They include 42701-1, 42720-1, 44524-1 and 44532-1, noted above regarding the pulp and paper industry. Also mentioned were: tariff item 44524-2 which provides for "indicating and/or controlling equipment, of a class or kind not made in Canada, for flame failure protection, and complete parts thereof", at Free, B.P. and 7½ p.c., M.F.N.; item 44621-1,

electric apparatus for welding, and parts thereof, not including motors, at 5 p.c., B.P. and 20 p.c., M.F.N.; item 46210-1 which provides for certain cameras, of a class or kind not made in Canada, and parts thereof, at 5 p.c., B.P., and 15 p.c., M.F.N.

Some equipment, when of types or sizes not made in Canada, may be imported free of duty under tariff item 44059-1, for use in aircraft. Among the 35 types of equipment there named are: auxiliary power units, batteries, some aluminum and aluminum alloy bars, tubes and extrusions, instruments, landing and navigation lights, radio equipment, de-icing equipment, carburettors, propellers, wheels and tires, and parts of such equipment. This equipment is for the manufacture of aircraft rather than for research and development and the Association, in effect, was proposing a somewhat analogous provision for the research and development activities of its members.

The spokesman for the industry explained that the use of "type or size" in the proposal instead of the more common "class or kind" was intended to broaden the scope of the duty-free provision. In discussing the possibility of specific enumeration of goods for free entry in a new tariff item similar to tariff item 44059-1, he expressed the view that such a list of equipment might include some thousand items at this time but would soon be inadequate.

The spokesman for the Association also suggested that a drawback item be established to provide for a refund of duty; this suggestion he regarded as very much a second choice because of the length of time required to get the duty refunded.

In commenting on an observation by the spokesman for the Canadian Electrical Manufacturers Association that the aircraft industry already had such a drawback item for machinery, instruments and apparatus when of a class or kind not made in Canada, namely item 1053 (now numbered 97053-1), the spokesman for the aircraft industry pointed out that these provisions applied only to machines of a class or kind not made in Canada used specifically in the manufacture of aircraft parts, and not to machines or apparatus used in research, development or testing.

(3) The Pharmaceutical Manufacturers Association of Canada (PMAC)

The Association proposed that a new tariff item be established:

"Equipment, apparatus, drugs, chemicals and materials of a class or kind not made in Canada for use in bonafide research laboratories of the pharmaceutical industry in Canada"

Free

Free

Free (Vol. 4, p. 656)

The PMAC listed as members, at the time of the public hearing, 54 companies which were said to account for about 85 per cent of the pharmaceutical industry's total value of sales; thus it would appear that the members of the Association accounted for roughly \$150 million out of the total sales of \$175 million reported by D.B.S. for the industry in 1962.

In surveys conducted by the Association, 30 pharmaceutical companies reported expenditures in Canada of \$5.4 million on research and development in 1963, and 43 companies reported expenditures of \$6.5 million in 1964. The Association estimated that these participating companies accounted for between 80 and 85 per cent of the industry's total expenditures on research and development.

The pharmaceutical industry was concerned not only with equipment for research purposes, but also with chemicals, drugs and materials for use in research. The Association provided a list of the principal categories of products used in research and development and more than twenty tariff items under which they may be imported. Six of these items provide duty-free entry: items 42747-1, 86300-1 and 87505-1, for certain machinery and chemicals used for specifically pharmaceutical purposes; item 47600-1, for certain instruments and equipment; item 17200-1, for certain books and pamphlets; and item 23700-1, for artificially produced isotopes.

Imports under the other items of principal importance to the pharmaceutical industry in its research and development are dutiable, with the exception of three items which provide duty-free entry under the B.P. Tariff. The dutiable tariff items cover such goods as live animals (item 504-1), chemicals and drugs (items 20839-1, 22001-1 and 22005-1), machinery and apparatus (items 42701-1, 42720-1, 44524-1, 44532-1) and manufactures of paper, plastic, rubber, aluminum, iron and steel, earthenware and high thermal shock resisting glassware (items 19900-1, 90800-1, 61800-1, 35400-1, 44603-1, 28800-1 and 32648-1). The goods include also photographic, mathematical, optical and other instruments of tariff item 46200-1 and goods (particularly some made-in-Canada chemicals) not otherwise provided for in the Customs Tariff that are dutiable under tariff item 71100-1. Rates of duty ranged from $2\frac{1}{2}$ p.c. to 20 p.c. under the B.P. Tariff and from $7\frac{1}{2}$ p.c. to $22\frac{1}{2}$ p.c. under the M.F.N. Tariff.

The Association observed that its proposal for free entry for research materials was in keeping with the government's policy of encouraging industrial research and development and with the recommendation by the Royal Commission on Health Services that research in pharmaceutical products be increased. This research, the Association regarded as beneficial for improved health, for its educational value in training scientists and for improving the competitive position of the Canadian pharmaceutical industry.

The Association's submission also drew attention to the great variety of disciplines required for pharmaceutical research. The laboratories of the industry employ specialists in biochemistry, organic and inorganic chemistry, pharmacology, bacteriology, toxicology, pathology, steroid chemistry and micro-biology, among others.

The Canadian Chemical Producers' Association expressed an interest in the proposal of the Pharmaceutical Manufacturers Association. Although the Chemical Producers' Association did not object to the requested free entry for chemicals of a class or kind not made in Canada, it recommended that any such provision be made under Reference 120, Chemicals, rather than under Reference 134. The Board did not recommend in Reference 120 an item such as that proposed by the Pharmaceutical Manufacturers Association.

(4) In September 1965, after the public hearing on Reference 134, Bio-Research Laboratories Ltd., Pointe Claire, Quebec, in a letter to the Board, requested duty-free entry for equipment for research, when such equipment is not available from Canadian manufacture.

Bio-Research Laboratories Ltd. was formed in July, 1965, and incorporated as an independent, privately-owned organization engaged in pharmacological and toxicological research, said by the company's president to be the only company in Canada doing independent contract research in certain specialized types of biological research. Many hundreds of thousands of dollars of this type of research are carried on each year for Canadian establishments and, before the company's incorporation, was done in the United States. Bio-Research Laboratories pointed out the difficulty of being competitive with the U.S. companies when its scientific equipment, for the most part, had to be imported, principally from the U.S.A. The cost was increased by duties and federal and provincial sales taxes.

(5) The Canadian Testing Association (formerly The Association of Canadian Commercial Testing Laboratories and Consultants) proposed that the free-entry and sales-tax exemptions now granted selected institutions under tariff item 69605-1 be extended to companies specializing in applied research and testing. The Association did not recommend specific amendments to item 69605-1 but its spokesman, at the public hearing, expressed agreement with the original proposal of the Canadian Pulp and Paper Association, which was (in part):

"a new item under Tariff Item 696 be added to permit the duty-free importation of instruments, apparatus, and mechanical equipment of a class or kind not made in Canada, for use by an industrial establishment for the maintenance of the quality control of the manufactured product."

(Vol. 3, p. 601)

From its representations it appears that, in terms of number of employees and business volume, the Association represents about 80 per cent of commercial applied research and testing activities in Canada and its Directory states that it is the only organization representing commercial testing, as an industry and profession, in Canada. Its 25 members are said to comprise the major testing companies in this country. They are all Canadian-owned and operated and have been long established in this work. The Association's members do not include medical laboratories; they are engaged in testing primarily in the field of mining, metallurgy, agriculture, construction and soils. The services they provide to industry and government may be described as applied research, testing, scientific evaluations and appraisals, which include a considerable amount of mineral assaying.

The total annual value of the services provided by CTA members has been estimated by the Association at \$18 million, divided almost equally between inspection, which does not involve instrumentation, and testing services and applied research, which do. About 5 per cent of the services consists of consulting, as a result of laboratory work or testing.

Among its objectives, the Association lists the following:

"To encourage original research, development, and maintain high standards in the commercial laboratory field, and enhance the usefulness of the commercial laboratories to the public ..."

The pieces of equipment used to provide testing services generally range in price from \$3,000 to \$100,000. The specialized equipment includes emission spectrographs, chromatographs, spectrophotometers, atomic absorption equipment, non-destructive testing equipment, soil investigation and tensile strength equipment, and many others.

The spokesman for the Association said that an initial investment of \$30,000 to \$40,000 was needed by a company to start operations. Some of the equipment was said to become obsolete in less than a year because of scientific advancement. Typically, a major piece of equipment is obsolete and out of use in five or ten years. It was stated that the companies do not benefit directly from the special research and development incentives under the Income Tax Act.

It was estimated by the Association's spokesman that approximately one million dollars is invested annually in equipment by CTA members of which between \$100,000 and \$250,000 would be for imports, 80 per cent from the United States.

Tariff item 44532-1 (formerly 445n) was mentioned as one of the items of greatest interest to the member companies. The item provides for certain electrical instruments and apparatus, of a class or kind not made in Canada, and for parts thereof, at Free, B.P., and $7\frac{1}{2}$ p.c., M.F.N. Another tariff item of major interest is item 44524-1 (formerly 445k) which provides for "Electric apparatus and complete parts thereof, n.o.p." at 15 per cent B.P., and $22\frac{1}{2}$ per cent, M.F.N.

In support of its proposal for extension of the duty-free provisions of item 69605-1, the Association stated that the activities of its member companies are similar, in some instances, to those of universities, research foundations and government departments carrying out scientific research and testing, and involve the use of the same types of equipment. These institutions are permitted duty-free entry of equipment under item 69605-1 and, in the Association's opinion, have an unfair advantage when competing for contracts from private industry. A member of a university staff, for example, with the assistance of duty-free equipment, might compete with the private companies in providing the services.

The Association noted that its member companies call upon the services of the privileged institutions for the use of equipment which the members find uneconomic to instal; in these circumstances, the companies pay fees to the institution. In some instances, the additional costs incurred by the private companies because of duty and federal sales tax might make a private installation uneconomic, particularly when the university or agency is already serving the market.

Several government departments were mentioned by the spokesman for the Association as doing competitive commercial testing and research work. These included the National Research Council, the Ontario Research Foundation and the Ontario Department of Mines' Laboratories Branch. The Ontario Research Foundation is a self-

governing, non-profit organization, established by statute by the Ontario legislature about ten years ago. In its annual statement for 1964, the Foundation showed an income of \$1,380,000 from professional services. The assay work done, on a fee basis, by the Ontario Department of Mines (and possibly by other agencies) was said to be directly competitive with the work carried out by members of the CTA in their laboratories.

The value of work done by various research foundations, government and university research groups entitled to import equipment free of duty under tariff item 69605-1 was estimated by the Association's spokesman to be of the order of \$50 million per annum. The competition from these groups was said to be greater in the field of research than in testing. The institutions or university staff members were said to be charging the same fees for their services as those charged by members of the Association. By no means all of the services performed by these research institutions are competitive with the services performed by members of the CTA. A spokesman for the Association estimated that perhaps an additional \$10 million of services would be available to its membership if they were not performed by the non-profit institutions.

CTA did not object to the duty-free entry of equipment for universities in their academic pursuits, but urged that the private testing companies should not be called upon to pay for the same piece of equipment as much as 40 per cent more than the amount paid by an institution able to import it under item 69605-1, without payment of duty and sales tax.

(6) Testing Machines International of Canada Limited, of Montreal, is the Canadian subsidiary of Testing Machines Inc. of Mineola, New York. The company was incorporated in Canada in 1963 and imports and distributes in Canada equipment which ascertains the physical characteristics of materials.

In its submission, Testing Machines International of Canada Limited proposed the setting up of two new tariff items in the 696 series to provide for the duty-free entry of products to be used in research, development and quality control by commercial research laboratories and by Canadian manufacturers.

In particular, the company proposed a tariff item 696(3) with the following wording:

"Scientific apparatus (and ancillary equipment thereto), utensils, instruments and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations; video tape recordings; stencils and cards, especially designed for the preparation of library index cards; casts as models; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for use and by order of any commercial laboratory or commercial research establishment in Canada, or for use and by order of any industrial concern in Canada and used solely for scientific research or the development of new products or manufacturing processes, and not for sale or rental

Free

Free

Free."

The company also proposed the establishment of a tariff item 696(4) worded as follows:

"Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, for use in the maintenance of the quality control of manufactured articles when imported for use by Canadian manufacturers

Free

Free

Free."
(Vol. 4, p. 652)

The equipment sold by the company is used mainly in the laboratory for research, development, testing and quality control. It includes, among many other articles: abrasers, analytical balances, densometers, fibre classifiers, fibre and wood comparators, laboratory furnaces, humidity indicators, electric hygrometers, impact recorders, micrometers, laboratory presses, pressure gauges, scales, tension meters, recording thermometers, and testers for brightness, bursting, colour, compression, crush, expansion and shrinkage, and other physical characteristics of materials. It was claimed that more than 1500 different testing machines are available from the company. Most of its imports are from the United States, some from the United Kingdom and other countries. It appears there is very little Canadian manufacture of the type of equipment sold by the company.

Although some of the equipment may be imported duty-free under item 69605-1, much of it is dutiable, some under items providing generally for machinery of iron or steel (items 42701-1 and 42720-1), some as electric apparatus (item 44524-1) and some as precision tools, apparatus or equipment as provided for in a number of tariff items such as 43125-1, 44532-1, 46105-1 and 46200-1. Rates of duty under these various tariff items range from Free to 15 p.c., under the B.P. Tariff and from $7\frac{1}{2}$ p.c. to $22\frac{1}{2}$ p.c., under the M.F.N. Tariff.

In support of the proposals, the company pointed out, in a letter to the Board, that the need in Canada for equipment to carry out basic research and quality control of materials was becoming greater every year, by reason of the increasingly keen rivalry to produce products of better quality both for the home market and for markets abroad. The company stated that such testing equipment is not manufactured in Canada because the domestic market for these products, though increasing, is still relatively small. The company suggested that importation of this research equipment free of duty and sales tax would be another means of extending government encouragement to research and development. The company argued that research and development undertaken by manufacturing companies or commercial research laboratories was as beneficial as that performed by non-profit institutions.

The company's proposal implies that existing tariff items 69605-1 and 69610-1 should remain unchanged and that two new items be established, but in the 696 series, which would provide not only duty-free entry but also exemption from federal sales tax. The products listed in proposed item 696(3) are the same as those in existing item 69605-1. The word "philosophical" has been deleted; the commercial users have been specified and an additional restriction added, namely that the goods be used solely for scientific research or new product or process development.

(7) Some forms of federal assistance available to industrial research and development

During the hearing certain existing forms of incentives to research were mentioned. The various tax incentive and financial assistance programs for the encouragement of industrial research and development sponsored by the federal government are described in brief outline below.

(a) General incentives - The Income Tax Act, in the years 1962 to 1966, allowed a taxpayer to deduct all expenditures on scientific research (both current and capital) in the year incurred, when computing income for tax purposes. In addition, in each year from 1962 to 1966, corporations which increased their expenditures over those in the 1961 base year were permitted to deduct an additional 50 per cent of the increased expenditures.

Because of the success of this special tax incentive, the Federal Government decided to continue to provide a general incentive for research and development after 1966 when this tax provision expired. The new incentive, available automatically to all businesses whose expenditures on scientific research were less than \$50,000 a year, is known as the General Incentive for Research and Development (GIRD) and is administered by the Department of Industry. Under this new incentive the benefits take the form of cash grants or credits against tax liabilities equal to 25 per cent of:

1. all expenditures of a capital nature made in Canada (by acquiring property other than land) for scientific research or development; and
2. the increase in expenditures of a current nature made in Canada for scientific research or development over the average of such expenditures in the preceding five years.

These grants or credits are not subject to income tax and are in addition to the normal 100 per cent deduction, for income tax purposes, of all expenditures for scientific research.

(b) Specific assistance - Two programs of direct assistance, namely the Defence Development Sharing Program (established in 1959, administered by the Department of Industry) and the Defence Industrial Research Program (established in 1961 and administered by the Defence Research Board) are restricted to the defence sector of industry. Two other programs apply to industry generally. The Industrial Research Assistance Program, established in 1962 and administered by the National Research Council, is the commercial counterpart of the Defence Industrial Research Program, and the Program for the Advancement of Industrial Technology, established in 1965 and administered by the Department of Industry, is complementary to the National Research Council's Industrial Research Assistance Program. Under these two general assistance programs, the federal government contributes up to 50 per cent of the cost of specific industrial research projects initiated by industry.

Summary of Representations on Commercial
Research and Development Equipment

The tariff items which appear to be of concern to industries carrying on scientific research are mainly items 32648-1, 35400-1, 42701-1, 42720-1, 44524-1, 44532-1, 44603-1 and 46200-1. These items provide for the entry of various types of equipment such as machinery, articles of iron or steel and aluminum, precision instruments, electrical and other instruments and apparatus, and certain laboratory glassware. Of these eight items, four provide for the entry of equipment at the rate of $22\frac{1}{2}$ per cent under the M.F.N. Tariff, two at 15 per cent, and two at $7\frac{1}{2}$ per cent. In addition to these and some other general items, the different associations mentioned several other tariff items under which products peculiar to their industry are being imported for use in research and development. On these products, the M.F.N. rate of duty ranges from Free to 25 per cent. In addition to the products and tariff items specifically mentioned, there are many others which are of interest to industries carrying on research and development.

The proposals of the parties which made representations would broaden the duty-free provisions for equipment used in research principally by extending these provisions to commercial and industrial establishments. In addition, the proposal of the Pulp and Paper Association would also make certain testing and measuring equipment duty-free; the Canadian Testing Association added equipment for quality control, and Testing Machines International added other provisions as additional parts to item 696. The proposal of the Air Industries Association would broaden the duty-free provision by the use of "type or size" instead of the customary "class or kind" in relation to the made-in-Canada provision; that of the Pharmaceutical Association would include drugs, chemicals and materials, of a class or kind not made in Canada in the duty-free provision. In total, these proposals would broaden the provisions, with respect both to the eligible beneficiaries and to the range of products so as to alter appreciably the scope and the intent of the existing provisions.

In respect of research and development equipment for these commercial users, no manufacturers of this type of equipment were represented except to the extent that the general submissions, dealt with in the next section, are relevant. The information available to the Board concerning Canadian manufacture, therefore, is very limited though some relevant information did come from the users and the importer that made representations.

According to the Canadian Pulp and Paper Association, in the three-year period, 1962 to 1964, over \$1.75 million was spent on research and development equipment by member companies participating in the survey conducted by the Association. In terms of value, less than half of this was said to be manufactured in Canada. According to the Canadian Testing Association, approximately one million dollars is invested by member companies annually in this kind of equipment, 10 to 25 per cent of which is imported. This would suggest that between \$750,000 and \$900,000 worth of equipment is purchased from Canadian manufacturers annually by Canadian testing companies which, in turn, represent about 80 per cent of total commercial testing and research activities carried on in this country. It appears, therefore, that

domestic manufacture of the equipment used in scientific research and testing exceeds \$2 million by an unknown amount. Much of the equipment also has more general industrial and commercial use as well. In this regard, the Dominion Bureau of Statistics reports shipments of certain instruments and related products, in 1965, of about \$170 million, of which about \$98 million represented value added by the manufacturers. Some industries are apparently able to purchase large proportions of their requirements of research equipment from domestic sources, whereas others, for example the aerospace industry, felt compelled to import almost all of their requirements.

As far as can be determined from the examples and lists of tariff items provided by those that made representations, it appears that most of the imported equipment is dutiable when purchased by commercial laboratories and manufacturing companies in items carrying M.F.N. rates of duty ranging from $7\frac{1}{2}$ to $22\frac{1}{2}$ per cent, to which the federal sales tax is added. While manufacturing companies all acknowledged the usefulness of the federal incentives for research and development, they all emphasized the need for further encouragement by the elimination of duties and sales taxes on equipment used in research.

General Manufacturing Interests

The Board received seven submissions for the public hearing and two after the hearing on Reference 134 representing interests of domestic manufacturing industries other than those noted in the preceding sections of this report. Some of the briefs dealt with specific products not closely related to those in this Reference; others dealt more generally with the principles of end-use and protection.

(1) The Canadian Manufacturers' Association (CMA)

The Association is a non-profit organization, established over 95 years ago for the effective promotion of the interests of the manufacturing industry in Canada. Its current membership is approximately 6,200 companies, located in some 600 communities from coast to coast. The Association states that its members produce about 75 per cent of Canada's total manufacturing output.

The Association's spokesman said that CMA members were notified of Reference 134 in Association circulars. Responses were received from between 25 and 30 member companies. After the public hearing, the Association agreed to address a request by an Association circular to its members to obtain further information from companies encountering difficulties because of imports under tariff items under review in Reference 134. CMA Circular 3639, dated December 9, 1965, advised the total membership of the Tariff Board's request. Replies were received from only four companies, two of which were already represented at the public hearing through their respective associations.

Initially, the Canadian Manufacturers' Association proposed that:

"tariff item 696(1) be re-worded in part as follows:-

696(1) - Scientific apparatus (and ancillary equipment thereto), utensils, instruments, mechanical equipment, parts of the foregoing, all of a class or kind not made in Canada." (Vol. 6, p. 1085)

In its supporting submission, the Association re-introduced the term "philosophical" which was left out of the original proposal. On re-introducing the word "philosophical", the spokesman for the Association commented as follows at the public hearing:

"To the best of our knowledge the word philosophical is not used to cover manufactured articles today; but since we would not prove through our members that it was not used we did not necessarily want to restrict something that was being brought in today and of a class or kind not made in Canada; ... we have no firm ideas on what the word means, or how it is applied." (Vol. 6, p. 1087)

Concerning tariff item 47605-1, (formerly 476a) which was not mentioned in the first proposal of the Association, the brief contained the following:

"We would recommend ... that tariff item 476a also be amended by inserting before the phrase 'all for the use of any public hospital under such regulations as the Minister may prescribe', the qualifying words, 'all the foregoing and parts thereof of a class or kind not made in Canada'." (Vol. 6, p. 1078)

The Association expressed the view, with respect to inserting the class-or-kind distinction, that "the principle of giving a measure of competitiveness to a new industry outweighs the difficulties encountered in the administration ..."

The Association indicated that it had long held the view that Canada's tariff policy should assist the development and maintenance of a well-balanced, diversified manufacturing industry to serve domestic markets and be a cornerstone for exports. It was observed that manufacturing provides employment for one out of every four workers and should expand to provide employment for the increasing population. The spokesman also noted that member companies help to finance the work of institutions administering to the afflicted, both by direct assistance and by means of the taxes which they pay.

The Association made no proposals concerning the other tariff items in Reference 134.

The Canadian Manufacturers' Association was unable to give the Board information on the impact of imports under tariff items 47605-1 and 69605-1 on Canadian manufacturing industry. In its brief, with respect to tariff item 47605-1, it said:

"most of the equipment named therein is not now being manufactured in Canada. We anticipate, however, that there will develop an increased demand for such equipment because of the rapidly expanding need for new hospital facilities in Canada ..." (Vol. 6, p. 1078)

Concerning tariff item 69605-1, the spokesman for the Association said at the public hearing that the item has become of interest to Canadian manufacturers only recently because of the rapid development in equipment and the growing needs of hospitals and universities.

Total imports under tariff items 47605-1 and 69605-1 during 1966 amounted to about \$70 million of which some substantial part was of products of a kind not manufactured in Canada, though some of these products undoubtedly are achieving a market size sufficient to attract Canadian manufacturing interests.

(2) Graphic Arts Industries Association

At the time of the public hearing the Association represented some 540 producing firms and organizations engaged in commercial printing and the closely allied graphic arts. Some of the institutional members in this Association were said to be entitled to import under tariff item 69605-1. However, under Reference 134, the Association was primarily representing the interests of the commercial printing industry, as opposed to those of the institutions privileged to import under item 69605-1.

Some institutions which do commercial printing may import printing machinery and accessories free of duty and sales tax under item 69605-1; their costs, therefore, are lower than those of commercial printers who pay duty and sales tax. While about \$5 million worth of printing equipment was entered duty-free from M.F.N. sources in 1964, by far the largest part is entered under duty-free items other than 69605-1. Tariff items 41200-1 and 41205-1, for example, also provide duty-free entry for certain types of printing equipment.

The Association supplied a list of 156 institutions engaged in printing which can import under item 69605-1; it was said that a more complete list would contain the names of 400 to 500 such institutions. Many of these institutions also do typesetting and binding.

It was noted by the Association that technical, vocational and secondary schools, similar to the Ryerson Polytechnical Institute and the Quebec Institute of Graphic Arts, teach printing and allied trades, and that centres for the handicapped may do some teaching as well as printing for their own use. It was also noted that most school boards, universities and colleges do their own printing as do many religious institutions and hospitals.

The spokesman for the Association said at the public hearing that some religious orders do printing, including Christmas cards, and any revenue goes to the order for its own purposes. In this activity, they and other institutions which import equipment under item 69605-1 compete with commercial printers but have the advantage of importing equipment duty-free, as well as other advantages. The Association estimated that the value of printing done by these institutions, which might be done by commercial firms, exceeds \$10 million by a significant amount. Some of the printing done by these institutions competes directly in the market.

Printing and related machinery and equipment under tariff item 69605-1 would be entered under the provision for "mechanical equipment of a class or kind not made in Canada" since most such equipment is said to be unavailable from domestic manufacture. The Association took the view that less than 5 per cent of printing equipment used by the printing industry in Canada would be of a class or kind made in Canada. In Reference 133 on Printing Machinery, the Board was informed of Canadian factory shipments of printing presses and other machinery and equipment, in 1964, of \$7 million of which about one-half went to export markets. Imports of these kinds of machinery and equipment exceeded \$50 million in that year. The Board's recommendations under Reference 133, if implemented, would permit duty-free entry of most printing presses used by commercial printers. The interests of the members of the Graphic Arts Industries Association were presented in a comprehensive fashion in Reference 133, and the Board's recommendations under that Reference took into account the industry's representations.

In its submission for the public hearing on Reference 134, the Association proposed that, if duty-free entry were to continue to be accorded to printing machinery and equipment for the institutions now eligible to enjoy the benefits of tariff item 69605-1, it should also be accorded to commercial printers; otherwise, the Association would eliminate the existing privileged position of these institutions by amending the item (in part) as follows:

"mechanical equipment of a class or kind not made in Canada, but not to include mechanical equipment for printing or for otherwise reproducing images in permanent or semi-permanent forms; ..." (Vol. 3, p. 523-4)

The Association emphasized that, in comparison with other industries, the printing industry was particularly vulnerable because printing was in great demand by religious and educational organizations. Church bulletins, religious periodicals, pamphlets, leaflets, books, cards, examination papers, scholarly papers, textbooks, and other school, college and university publications, as well as letter-heads, envelopes and forms of many kinds, were cited as examples. In addition to experiencing competition from the privileged institutions, the commercial printers are called upon to donate their printing services to such institutions to a considerable extent.

The Association concluded, in a letter to the Board, as follows:

"Contending as the industry does with the greatest volume of printed imports of any nation, and a significant volume of governmental printing production (federal, provincial and municipal), we respectfully submit and plead for equity wherever equity is possible. This, we believe, is clearly indicated with regard to Tariff Item 696(1), and we earnestly solicit your sympathetic and active consideration."

Information available to the Board indicates that imports of printing equipment under tariff item 69605-1, in 1966, were valued at less than \$200,000.

(3) The Canadian Electrical Manufacturers Association

The Association is composed of 138 manufacturing companies, said by the Association to represent about 90 per cent of the industry in terms of volume of production. A very large part of the industry's output consists of products in general use such as radios, television receivers, refrigerators and washing machines, for which the industry has a substantial share of the Canadian market. In addition, the industry produces heavy industrial apparatus, such as giant turbines and motor generators; in this market, the industry was said to be more vulnerable.

The spokesman for the Association said that the electrical manufacturing industry is becoming more and more aware of the increasing extent to which electrical and related apparatus and equipment is being used in medical and educational applications. More highly sophisticated apparatus is continually being developed and used in the measurement, analysis and treatment of human illnesses. Moreover, some types of electrical apparatus are designed specifically for use, for example, in rehabilitation and in operating rooms. Similar advances are being made in the use of electrical instrumentation, testing equipment, language laboratories and many other devices as teaching aids.

Other goods said to be supplied by the Canadian electrical industry to institutions for educational and scientific purposes include, among others, electronic tubes, semi-conductors, integrated circuits, motors, motor generator sets, variable capacitors, nuclear fuel, clean room work stations, sequence timers, brass vacuum tubes, power transformers, ultra violet meters, ultra sonic cleaners, meters, relays, superconducting solenoids and various pieces of laboratory test equipment.

The Association also provided a list of products sold to institutions for other than specifically educational or scientific application. This list is indicative of the goods which might be allowed entry if tariff item 69605-1 were broadened without restriction to goods of a class or kind not made in Canada. The list includes, among others, some of the equipment of more general use such as lighting equipment, air conditioners, ranges, dryers and fluorescent lamps.

After the public hearing, a spokesman for the industry indicated that the impact on the industry of imports under tariff item 69605-1 was at present small, but imports under the item were expected to increase as a result of the expansion in educational facilities. In 1966, imports under tariff item 69605-1 of electrical products in the broad categories of goods which the Association indicated are generally produced in Canada, amounted to almost \$11 million, less than one per cent of the factory value of all electrical apparatus manufactured in Canada.

The Association's interest in this Reference was limited to tariff items 69605-1 and 69610-1. It was proposed by the Association:

- (1) That the existing provisions in tariff item 69605-1 for "scientific apparatus" and "mechanical equipment of a class or kind not made in Canada" be deleted, and that the following be added: "mechanical equipment, scientific apparatus and equipment, and electrical apparatus and equipment; all of the foregoing when of a class or kind not made in Canada; parts of the foregoing";
- (2) That the provisions of tariff item 69605-1 be restricted to non-commercial, non-profit, public institutions; and
- (3) That the provisions of tariff item 69610-1 be maintained.

The spokesman for the industry emphasized that the industry's proposal was aimed at eliminating any uncertainty as to the nature of apparatus admissible under the item. The spokesman noted that some products of the industry might be regarded as scientific instruments. He added that the Association would not object to free entry for instruments if they were of a class or kind not made in Canada. With this alteration, proposal (1) could be considered to be that:

The existing provisions in tariff item 69605-1 for "scientific apparatus, ... instruments" and for "mechanical equipment of a class or kind not made in Canada" be deleted, and the following added: Mechanical equipment, scientific apparatus, instruments and equipment, and electrical apparatus, instruments and equipment; all of the foregoing when of a class or kind not made in Canada; parts of the foregoing.

The Association believed that, on balance, its proposals would tend to broaden the scope of tariff item 69605-1 mainly because of the inclusion of the words "electrical apparatus" which, in its opinion, would also cover electronic items.

In support of its proposal (2), the Association pointed out that the industry's opposition to the extension of tariff item 69605-1 to commercial users was based on two considerations:

- (a) the administrative difficulties would be formidable, because it would be extremely difficult to draw a clear line of distinction between research and development versus manufacturing and production;
- (b) the government has extended generous tax relief for expenditures on research and development; any duty paid on imported equipment for these purposes would form part of the costs of research and development, and be eligible for relief under the Income Tax Act, or other incentive grants.

As a general observation, the Association pointed out that, in the view of its members:

"concessions granted through the medium of the Customs Tariff are not appropriate means of supporting those institutions designated in 696(1) ... As is the case with most end-use tariff items, 696(1) singles out certain Canadian producers to subsidize, through loss of sales to foreign competitors or sales of Canadian-made goods at depressed prices, the designated institutions. It is our view that the institutions in question should be supported financially by all Canadians to whom they are of concern and interest.

"We believe that the costs of obviously essential public institutions such as schools and hospitals should be borne by the public at large. The legislators should be charged with determining the extent to which, in the public interest, the other institutions designated in 696(1) should be supported by grants from public funds.

"While we have not entered this suggestion as a specific proposal, we offer it to the Board for consideration, with the thought that there appear to be sound economic grounds, under modern conditions and requirements, on which Tariff Item 696(1) could be reasonably removed from the Tariff ...

"Many of the institutions designated in 696(1) rely on Canadian manufacturers for financial assistance to a significant extent. As long as these public institutions are continuing to rely on Canadian industry for financial support, it is our view that domestic industry must be fully supported by the normal tariff protection deemed appropriate by Parliament in the Customs Tariff." (Vol. 4, p. 802-4)

Edwards of Canada Limited, a member of the Association, dissented from the Association's submission. The company made a separate submission after the public hearing which is noted above in the "Education and Scientific" section of the report. The company would include under the item products which are made in Canada, and have these subject to duty but not to federal sales tax.

(4) Electronic Industries Association of Canada (EIAC)

The Association represents over 100 manufacturers of electronic equipment and components, of which a number are also members of the Canadian Electrical Manufacturers Association. The EIAC referred to the employment of more than 65,000 and total sales of some \$620 million per year by the electronics industry.

Electronic equipment, components and technologies are used very broadly, for example in machine tool and process controls, complex weapon systems, space exploration, data processing, communications, transportation and traffic control.

The Association has three divisions. Companies in the electronics division of the Association manufacture equipment for communication, space research, navigation and broadcasting, much of which is used in military applications. Companies in the components division manufacture tubes and semi-conductors, as well as motors, meters, relays, antennas, batteries and similar devices for a vast array of military, industrial and entertainment equipment. Finally, in the consumer products division there are eleven major companies heavily committed to the development and production of electronic entertainment products in Canada. These products range from stereo hi-fidelity components and consoles to portable transistorized record players and radios, colour television receivers, console electronic organs and intercommunication systems.

The Association could not establish accurately what types of electronic equipment or apparatus were of interest to its members under this Reference. The Association described the extent of its interest in the following terms:

"The Board is probably aware of the fact that rapid technological advances are being made in the development of electronic apparatus for instruction purposes in schools and universities, and in hospitals in the analysis and treatment of various illnesses. To keep abreast of these changes, the industry recognizes that any such equipment that is not produced in Canada should be readily available to public institutions on a duty free basis." (Vol. 4, p. 837)

However, concerning the types of electronic equipment imported under tariff item 69605-1, the industry's spokesman at the public hearing mentioned only the closed circuit television systems and the Association was unable to provide a list of products or to estimate the approximate volume of imports under tariff item 69605-1.

The proposals and the supporting arguments advanced by this Association were generally similar to those of the Canadian Electrical Manufacturers Association. It proposed:

- (1) that the terms "scientific apparatus" and "mechanical equipment of a class or kind not made in Canada" be deleted from tariff item 69605-1;
- (2) that the following provision be added to tariff item 69605-1:

"Electronic equipment, electrical and scientific apparatus, mechanical equipment; parts of the foregoing; all of the foregoing when of a class or kind not made in Canada;"
- (3) that provisions in tariff item 69605-1 be limited to those public institutions now enumerated in it;
- (4) that tariff item 69610-1 be maintained.

In support of proposals (1) and (2) the Association, like the Canadian Electrical Manufacturers Association, drew attention to the dependence of the institutions on public support and that members of the Association are frequently called upon to make generous financial contributions to these institutions. To make these contributions, the industry must be prosperous, and be assured of regular tariff protection on its basic products.

In support of proposal (3), the Association said that it was opposed to extending tariff item 69605-1 to cover commercial users of research and development equipment because of the administrative difficulties involved and because incentive programs for research and development already exist.

In support of proposal (4), that tariff item 69610-1 be maintained, the Association stated that member companies which attempt to manufacture the duty-free goods encompassed by tariff item 69605-1 require free entry of parts and materials imported for use in such manufacture.

Stark Electronic Instruments Limited, a member of the Electronic Industries Association of Canada, dissented from the proposal of the Association. The company's submission is dealt with above in the "Educational, Scientific and Related Goods" section of this report. It proposed that equipment which is made in Canada be admitted under a part of item 696, subject to duty but exempt from federal sales tax.

(5) Industrial Instrument Manufacturers Association

This Association is composed of 15 Canadian manufacturers of industrial instruments, which were said to produce more than 60 per cent (in terms of dollar volume) of all such products manufactured in Canada. The Association's members manufacture the following industrial instruments:

(1) Recorders, controllers, recorder-controllers or indicating controllers, normally used in conjunction with industrial processes and falling within one or more of the following classifications: pyrometers, flow meters, resistance thermometers, thermometers (filled system), pressure gauges, gas analyzers (not laboratory type) and combustion control.

(2) Digital electronic data-processing equipment and digital computers of the type specifically applicable to the development of operating guides, optimum performance characteristics or closed loop control of industrial processes.

(3) Control valves, automatic pneumatic, electric or hydraulic or combination electric-pneumatic, or electric-hydraulic, specifically designed to control the flow or pressure of gases or liquids in industrial processes, and which receive their actuating signals governing their operation from the instrumentation systems outlined above.

Some of the products manufactured by this group of companies are similar to those by companies in the Electrical Manufacturers Association and the Electronic Industries Association; however, only 3 of the 15 member companies were members of the other two Associations at the time of the hearing.

The Industrial Instrument Manufacturers Association estimated that the industry, in 1963, had sales in excess of \$50 million, of which only about \$500,000 were to institutions qualified to import under item 69605-1. However, the spokesman for the Association estimated that these institutions had annual requirements for this type of equipment of about \$5 million, of which perhaps \$3 million could be manufactured by the industry in Canada.

The Association made the following proposals:

(1) That the list of institutions qualifying for exemption under tariff items 46200-1, 47605-1, 47610-1, 69605-1 and 69610-1 not be extended;

(2) That the wording of tariff items 46200-1, 47605-1, 47610-1, and 69610-1 remain unchanged;

(3) That tariff item 69605-1 be re-worded to extend the "not made-in-Canada" restriction, as follows:

Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, mechanical equipment, parts of the foregoing, all of a class or kind not made in Canada.

(Vol. 5, p. 990)

The spokesman for the Association said that some of the member companies manufactured "philosophical" instruments within the meaning of tariff item 46200-1, such as thermometers, instruments for measuring the level of the ebb and flow of tides, and those for measuring barometric pressure or variations in it. The industry had only limited interest in tariff items 47605-1 and 47610-1.

In support of its proposal to restrict duty-free entry to products of a class or kind not made in Canada under tariff item 69605-1, the industry's brief pointed out:

"... the Association is conscious of and supports the objective of reducing the costs of equipment used by institutions with educational, welfare and humanitarian objectives. However, the long-term results of a policy which permits duty-free importation of a significant quantity of products which would otherwise be produced in Canada may well run contrary to that objective ... The Association believes that a policy which penalizes a Canadian manufacturer or group of manufacturers because of the end-use of the product they manufacture will not contribute to the growth of the Canadian industrial instrument industry. We therefore urge the continued use of the 'class or kind' provision as a criterion for determining the tariff classification of industrial instruments imported for use in public institutions ..." (Vol. 5, p. 990-1)

Under tariff item 69605-1, the Association's interest included "philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, mechanical equipment, parts of the foregoing". The spokesman for the industry stated that the word "philosophical" was left in the proposal although its meaning was not very clear and it was not used in the trade. He also said that the industry's interpretation of the term, in item 69605-1, was the same as that set out for tariff item 46200-1 in departmental memorandum D50-1, effective March 13, 1923, as follows:

"Philosophical apparatus and instruments are such as are more commonly used in making observations and discoveries in nature, and experiments for developing and exhibiting natural forces, and the condition under which they can be called into activity ...".

An Appraisers' Bulletin in 1913 stated that apparatus and instruments, for entry under item 696, should not be regarded as philosophical and scientific for the purpose of item 69605-1 "unless peculiarly suitable for and to be used in the illustration or teaching of scientific principles in the place of instruction or for prosecuting scientific research or in making chemical analysis."

The Association's proposal concerning tariff item 69605-1 was not intended to exclude other products now covered by the item which were not listed in the proposal; the listed products were those of interest to the member companies for which it sought to have entry restricted by the class-or-kind provision.

(6) Canadian Chemical Producers' Association

The Association, in addition to the interest noted above with respect to the proposal of the Pharmaceutical Manufacturers Association, also expressed an interest in the provision for "ethylene" in tariff item 47610-1.

The Association proposed the following:

"all chemicals and plastics be provided for in the schedule of items to be proposed ... under Reference 120. We urge that the Board not make any recommendations under Reference 134 which would affect the classification of chemicals or plastics falling within the scope of Reference 120."

During Reference 120, Chemicals, there was no suggestion that there was ethylene of a class or kind not made in Canada, or that ethylene was currently used by hospitals. Information available to the Board indicates that no ethylene was imported under tariff item 47610-1 during the 15-month period between October, 1965 and December, 1966. It appears therefore that this reference to ethylene in tariff item 47610-1 is obsolete.

Since no one expressed an interest in the continuation of the provision, the Chemical Industry Committee recommended, during the hearings on Reference 120, that the word "ethylene" be deleted from tariff item 47610-1, and that no special provision for ethylene be made under Reference 120. It would then be classified under Heading 29.01 at rates of duty which the Board might recommend for that Heading. In its report on Reference 120, the Board recommended that ethylene be duty-free, as enumerated in Recommended Item 29.01(11) and that the word "ethylene" be deleted from tariff item 47610-1.

The spokesman for the chemical industry indicated that the Chemical Producers' Association had found no data on imports, under tariff item 69605-1, of "preparations" which might include chemicals. He expressed the hope, however, that no provision would be made for "preparations", and that no other provision encompassing chemicals would be made under Reference 134. If the word "preparations" were to continue to appear in the item, he suggested that the qualification "non-chemicals" be added.

Information available to the Board indicates imports, under tariff items 69605-1 and 69610-1, of products which might be principally chemicals and pharmaceutical preparations of about \$4 million in 1966; many of these were radio-active elements, isotopes and radio-active compounds. Some of the chemical and pharmaceutical products very probably are not made in Canada and some are not products of the chemical industry as represented by the Producers' Association.

(7) Canadian Kodak Co. Limited

The company merely expressed support for the tariff protection of Canadian manufacturers in general. In a letter received after the public hearing, the company made it clear that, in its experience, the impact of imports under the tariff items before the Board in Reference 134 was negligible.

During 1964, the company had imported under tariff item 69605-1, films, plates, papers, chemicals, mechanical products and other products to a value of \$146,000, of which more than 50 per cent was mechanical products and more than 40 per cent was films and plates.

The company expressed only slight interest in tariff item 47605-1 and no interest in tariff item 47610-1.

The company stated, as a general point of view, that:

"It is our present opinion that products of a class or kind made in Canada should be excluded on a uniform basis from those tariff items which presently permit duty-free entry into Canada for specified products if the end-use is by hospitals, educational, religious or scientific institutions.

"The objective of reducing costs of institutions' programs or needs associated with the public welfare and humanitarian objectives is a commendable one and should be supported. The long-term result of a policy which permits duty-free importation of a significant amount of products which would otherwise be manufactured in Canada, however, might well be detrimental to the community as a whole, to Canadian industry and to the very institutions or need which the policy seeks to benefit." (Vol. 5, p. 1012)

(8) The Valley City Manufacturing Co. Ltd., Dundas, Ontario, wrote in February, 1966, concerning laboratory fume hoods which the company understood had been permitted entry under tariff item 69605-1. The company submitted that:

"Fume hoods generally are sold by laboratory furniture manufacturers or distributors as part of laboratory furniture installations and are considered to be items of furniture rather than scientific equipment ...

"Fume hoods at the time of importation do not contain attached mechanical parts ...

"A wide range of fume hoods is being manufactured in Canada by ourselves as well as a number of other firms. Please accept this as our application for reversal of this regulation on above grounds ..."

This expression of interest was more in the nature of a complaint against the interpretation and administration of the provisions of tariff item 69605-1 than a proposal for any specific change in the wording of the item; within the purview of Reference 134, it exemplifies the problems which arise in the consideration of phrases such as "scientific equipment" and "mechanical equipment".

(9) The British Drug Houses (Canada) Ltd., Toronto, Ontario, wrote to the Board in September 1966, in part as follows:

"It has been suggested that duty free entry under these items should be restricted to goods which cannot be supplied by Canadian producers.

"We are in complete agreement with this suggestion because our problem is basically this:

"Here in our Toronto Plant we produce solutions and stable dry reagents the majority of which are purchased by hospitals and universities. These institutions however may purchase these items from a U.S. source duty free under tariff item 696. In view of our substantial investment in manufacturing and quality control we would like the Board to reconsider its position with respect to these products and alter the tariffs so that these goods may be re-classified as being dutiable.

"In addition we presently market a product for sensitivity testing in Hospital Bacteriological Laboratories called the Biodisc. Here again U.S. firms such as Difco Laboratories and Baltimore Biological Laboratories are permitted under Tariff Item 696 to sell their products duty free.

"... you are fully aware of the enormous cost of basic research and introduction of new products on the market. We would therefore appreciate anything the Board could do to provide some tariff protection for Canadian manufacturers such as we."

Other Representations

The goods which are the subject of the representations in this section are not closely related to the goods or uses dealt with under the previous categories.

(1) Independent Order of Odd Fellows (I.O.O.F.,)

The organization, international in scope, presented a brief on its own behalf and also on behalf of other fraternal organizations that might be similarly affected.

The Order pointed out that there are seven Grand Lodges in Canada: one in the Maritime Provinces, one in Quebec, one in Ontario, and one in each of the western provinces. At the time of the public hearing, total Canadian membership in the Order was 97,362.

The I.O.O.F. urged that it was a non-profit, charitable and philanthropic organization and, in some respects, could even be considered to be a religious institution. Various charitable projects are financed from membership fees, donations and funds raised by the members. The Order also provides hospital beds, wheelchairs and similar equipment to assist needy individuals.

In carrying out its functions, the Order uses regalia and jewels, similar in design in all its lodges throughout the world. Many of these jewels and regalia are not produced in Canada but are imported, mainly from the U.S.A. where the designs and the moulds for regalia and jewels are made. The Order proposed that "the duty with respect to items of regalia and jewels used in connection with the operation of the lodges be reduced so that such duty will not exceed 10 per cent, and that books of rituals and ceremonies be admitted duty-free." (Vol. 4, p. 783) The Order urged that its regalia and jewels should be treated in the same way as church vestments, on which the B.P. and M.F.N. rates of duty are 10 p.c. under tariff item 56400-1.

Articles of regalia are entered principally under tariff item 57800-1, at 22½ p.c., B.P., and 27½ p.c., M.F.N., and the jewellery, under item 64700-1, at 20 p.c., B.P., and 30 p.c., M.F.N. The high rates of duty on regalia and jewels, enhanced by the sales tax, were said to impose a financial hardship on the members of the lodges of the Order in Canada engaged in carrying on charitable works.

The Order informed the Board that the cost of the books purchased by all of its lodges in Canada, for the fiscal year of July 1, 1964 to June 30, 1965, was just over \$2,000 and that of the regalia, about \$500. The "Price list of official supplies for all branches of the Order" shows the same retail prices for the books in the U.S.A. and in Canada, suggesting that the Order is absorbing any additional cost of making the books available in Canada.

It appears that the books are dutiable under tariff item 17100-1, at 10 p.c., M.F.N., and are liable to federal sales tax. Books for the promotion of religion and for many other purposes are classified under tariff item 17200-1 free of duty under all Tariffs. The brief of the Order argued that because the rituals and ceremonies of the I.O.O.F. were similar to those of religious institutions, the books for the Order should be free of duty under tariff item 17200-1.

(2) The Ontario Humane Society

In January, 1966, the Board received from the Society a copy of correspondence between the General Manager of the Ontario Humane Society of Toronto and the Minister of National Revenue and the Minister of Finance.

The Ontario Society has acted as the importer of electro-thanators for Humane Societies across Canada; these instruments are used to destroy unwanted animals. The Society imported them duty-free and sales-tax free from Britain from 1963 to 1965. However, in 1965, a change in the manufacturing company in the U.K. made it necessary for the Ontario Humane Society to find a manufacturer in Canada that would import component parts and assemble the electrothanators in this country. The units were then ruled to be made in Canada and any imported components became dutiable at 15 p.c., B.P. and, in addition, the federal sales tax became exigible.

The Ontario Humane Society informed the Board that the units originally purchased from Britain cost \$650 landed in Toronto. The Canadian company, which would make the cabinet and import the control unit from Britain, expected to be able to meet this price except for import duty and sales tax. The Society sought to re-establish relief from duty and sales tax so that the price of the unit would not reflect these costs.

The Ontario Humane Society did not expect the annual requirements of the humane societies in Canada to exceed six units; the demand, therefore, might have an annual value of approximately \$4,000.

(3) Foster Parents' Plan

In July, 1966, the Board received a letter from the Canadian Information Director of the Plan in Montreal, in part as follows:

"Ours is an international charitable relief organization, with headquarters in New York operating to bring aid to underprivileged children in impoverished countries ... From time to time we import motion picture films, slides for TV use and similar promotional items from the U.S. to help us inform the public about our work and to enlist their support."

Indicating that 75 per cent of the money it collected was spent on needy children, the organization sought to avoid diversion of funds to customs duties and sought duty-free entry for these promotional materials by extending the scope of item 69605-1; the item at present contains no provision for charitable organizations.

SUMMARY AND CONCLUSIONSGeneral

This Reference deals largely with the principle of free entry of certain goods because they are for religious, educational, scientific, literary or artistic purposes, institutions, organizations or groups or for the benefit of afflicted or handicapped persons or for use in ministering to such persons; in contemporary society the foregoing are generally deemed to be good and noble causes worthy of both public and private support. Because of the breadth and variety of the concepts involved in this list of purposes the Board proposes hereafter to refer to the whole complex as worthy purposes.

The study by the Board has been an inquiry into the suitability of relief from duties otherwise imposed by the Customs Tariff as an instrument of aid for these worthy purposes.

The Reference points up a conflict of interest between two not unimportant groups of our society: the producers and the users of the goods under consideration. In relation to the total population of the nation each pleads, with some cogency, for a privileged status: protection, or exemption from customs duties.

The conflict naturally involved the Board in hearing two broad, widely accepted but, in the circumstances, opposing principles urged before it; the first was the desirability of encouraging Canadian industrial development, production and employment; the second was the desirability of giving assistance to worthy purposes. To both of these principles all are willing to render lip-service and many, real service; there are, however, sharp differences of opinion on methods of implementation. In the present state of our society the Board naturally accepts the correctness of both principles; to avoid involvement in the field of national welfare policies it restricts its consideration of the problems in issue to the Customs Tariff as a method of implementation: the suitability of relief from duties otherwise imposed by the Customs Tariff as a method of aiding the worthy purposes.

The Board has sought to govern its recommendations by the temper of modern society and the consequent, clearly established tendency of successive governments over a long period of time; as a result its recommendations tend generally towards maintenance or enlargement of free entry for the worthy purposes pertinent to this Reference.

In general, any extensions of the privilege of free entry -- and free entry becomes a privilege only when it is not the general rule or when it is granted for reasons not applicable to everyone -- have been recommended for those organizations only that are not operating for gain and for those persons only who are handicapped or afflicted by a mental or physical impairment that prevents the accomplishment of their normal duties in the community and impairs their capacity to earn or increases for them the cost of living.

Beyond the representations made on behalf of the afflicted themselves, there were further representations urging the extension of

the existing provisions for public hospitals to include also physicians, homes for the aged, private hospitals, industrial first-aid stations, pharmacists and medical laboratories. The proposed extensions would include persons, partnerships and corporations engaged in pursuits, which are undoubtedly laudable, but are also productive of private gain. The physician and pharmacist quite properly gain their livelihood by ministering to the afflicted but neither sought for himself the privilege claimed for him by others who would gain thereby as suppliers of goods to these two professions.

The intent of the Board's recommendations is not to enhance the net income of persons in certain classes of gainful occupations but rather to lessen directly the economic burden on the afflicted and the handicapped and to assist the non-profit organizations seeking to meet their needs or other similar social needs worthy of both public and private support because of their nature and because of the absence of professional or commercial gain.

For these reasons the Board does not recommend, in this Reference, that the privileges granted to public hospitals be extended to physicians, homes for the aged, private hospitals, industrial first-aid stations, pharmacists, private medical or dental laboratories or others similarly engaged in gainful pursuits. The consequence of extending free entry to them might, in certain circumstances, be only higher dividends for the shareholder or larger income for the person; the Board deems the aid or benefit to the disabled or afflicted to be too remote and too uncertain for it to recommend such an extension.

Three proposals of a very similar character can be considered in the same light: (1) The Canadian Physiotherapy Association for free entry for the physiotherapy equipment of its members, (2) The Canadian Chiropractic Association for free entry for chiropractic adjusting tables, and (3) The American Optical Company of Canada Ltd. for free entry for ophthalmic refracting and treatment chairs, instruments stands, combination units and parts thereof.

The Board found no difficulty in including among the worthy purposes the alleviation of the plight of disabled and afflicted persons. The position of the physiotherapist, the chiropractor, the ophthalmologist and the optometrist however is distinguishable from that of the disabled. These classes of persons do indeed minister to the needs of the afflicted but they do so as a gainful occupation. Many other groups earn their income in a similar manner: the doctor, the nurse, the orderly, the ambulance man, the lawyer suing on behalf of an injured person, the paid companion to an invalid, the private hospital or nursing home, the private home for the aged and countless others. However, because the benefit of free entry would not accrue directly to the afflicted, the Board does find considerable difficulty in assimilating such classes of persons to those classes to which special free entry privileges might be extended; consequently it is not recommending the free entry proposed by the physiotherapists, the chiropractors and the American Optical Company of Canada.

The concept of benefit for certain worthy objectives when divorced from the purpose of gain inevitably led into certain areas of doubt in the field of industry and commerce. The mere concept of divorce from gain, standing in isolation from surrounding circumstances,

is insufficient in the Board's view for qualification for free entry in the category of worthy purposes. There may be many institutions, associations or corporations existing without gainful purpose which do not qualify within the present concept of purpose worthy of free entry: clubs for the social entertainment of their members or for the pursuit of personal hobbies and groups for the joint pursuit, at lesser expense, of a common interest beyond criticism but not qualifying as a purpose worthy of broad, general support from outside sources. In the realm of business, commerce or industry there may also exist certain non-profit institutions the basic purpose whereof is the prosecution of business rather than the advancement of educational, eleemosynary or cultural objectives.

Though there were numerous pleas from industry to restrict free entry for worthy purposes to goods of a class or kind not made in Canada, the Board has generally sought to avoid extension of the class or kind distinction based on Canadian production; in most of the categories of goods considered by the Board, the very nature of the goods appeared to lend itself to perplexity and conflict in establishing classes or kinds based on domestic production. However, there are two existing distinctions of this nature which would be continued in Recommended Items IX and XIII, and, in Recommended Items V and VI, the Board has recommended the introduction of the distinction. Where practicable the Board has endeavoured to proceed by specific enumeration of the goods in question, or by general descriptive designations, without the qualifying distinction.

Nevertheless, the method of *eo nomine* enumeration has the drawback of not providing for certain articles or for goods which may be invented and enter the market in the near future, an important drawback in certain areas. Accordingly, its recommendation concerning goods for use directly, by certain institutions, in teaching and research is couched in more general words.

In its approach to the entire problem the Board did turn its attention to the complete abandonment of the principle of free entry for any worthy purposes. There were proposals based on the principle that support for the universities, the schools, the hospitals, the afflicted and for other purposes sufficiently worthy should be at the expense of the population at large rather than at the expense of that small manufacturing segment of the total population to which protection is afforded through the imposition of customs duties on competitive products entering the country.

In giving help to industries and to institutions or worthy objectives, both the imposition of customs duties and the privileged exemption therefrom through end-use items lack the precision, the accuracy of costing and the certainty of apportionment of costs which might exist in a system of subsidies or grants. If it were the general policy in Canada to give assistance to industry by subsidy and not by customs duties, no problems of end-use would arise, either for industrial objectives or for other worthy purposes; indeed there could be no discriminative free entry if all entry were free.

However it has been and it continues to be a general policy in Canada to establish protective customs duties and to establish certain exemptions therefrom by way of end-use items; the Board

considers that it is no part of its function in this Reference to make recommendations on this general policy. The Board has rather deemed itself bound to consider the problem in the broad, general context of the Customs Tariff as it now exists.

To recommend the entire elimination of the free entry of goods for the worthy purposes of this Reference would involve the Board in consideration of problems which it deems to be beyond the scope of the matters referred to it: the broad principle of end-use exemption from customs duties also enjoyed by the producers themselves, the substitution of subsidies for end-use privileges for worthy purposes and even, possibly, the broader principle of the discrimination existing as a result of the existence of customs duties. On such broad questions the Board makes no recommendations of any kind. Its recommendations are made having regard to the general framework of the Canadian Customs Tariff as a whole and aim only at such changes, within the scope of the Reference, as it deemed to be consistent with present social attitudes, with changes in technology and with existing circumstances.

Goods for the Disabled, Handicapped or Afflicted

The Canadian Medical Association presented a brief proposing a new tariff item to provide free entry for "rehabilitation products and equipment, of a class or kind not made in Canada, for the personal use of disabled persons".

The representations of the Canadian Medical Association were noteworthy in at least two respects. Firstly, the Association, representing 17,500 of the 21,000 doctors in Canada, sought nothing for its member doctors. Secondly, it was presented with an unusual cogency arising from great knowledge of the subject matter and from the detailed enumeration and description of the goods used in rehabilitation.

In its proposal, it appears that the Association classed as "disabled persons" those with such mental or physical impairment as to prevent them from accomplishing their normal duties to the satisfaction of the community; to it, rehabilitation appears to signify "the conservation or restoration of the patient to his fullest physical, mental, social, economic and vocational usefulness". When required to prevent fraud or unnecessary advantage, the Association proposed certification by a qualified medical doctor.

The proposal dealt with such things as prosthetic, orthotic and other compensatory devices needed by afflicted persons such as the incontinent, the paralytic and the amputee. Many articles were specifically mentioned: wheel chairs, special driving equipment for automobiles, patient lifters, incontinence equipment, ambulatory aids, artificial limbs and a large variety of self-help devices for the bathroom, for the bedroom and for eating, writing, reading, dressing, etc.

It is, of course, common knowledge that a number of our fellow-citizens are afflicted by serious handicaps which prevent them -- totally or partially -- from being able to support themselves or to participate normally in society.

A perusal of pages 204 et seq. of Volume 1 of the Report of the Royal Commission on Health Services, 1964, reveals that, in 1961, the Royal Commission estimated that there were at least some 1,295,000 permanent physical disabilities in Canada; for all disability groups this figure represents 7 per cent of the population; the minor and moderate disabilities represent 4 per cent and the severe and total disabilities represent 3 per cent. These figures cover only the physically disabled and do not include those suffering from psychiatric or mental disablement, some 50,000 to 60,000 of whom were in institutions at the time.

These handicaps may result from blindness, deafness, mutism, paralysis, amputation, or other disability, physical or mental; the handicaps may be congenital, or they may originate from accident, illness or age; whatever their nature or their cause may be, if they are sufficiently disabling, they are obviously oppressive for the afflicted persons and -- except for unusual cases -- costly to the community in the loss of their services and in the requirements for their care. It is equally clear that within more recent times society has developed a feeling of collective responsibility towards the afflicted; there is evidence of this fact in the existence of publicly supported hospitals for the incurables, social legislation providing benefits for the handicapped and successful public subscriptions for funds to assist them. Disabilities tend to diminish the capacity to pay taxes or duties in two ways: they diminish earnings and they add to necessary living expenses. When they diminish earnings, some allowance is made by way of the personal income tax; but when they occasion, in varying degrees, additional necessary increases in living costs, some allowance can more conveniently be made, and often is made, by way of end-use items in the Customs Tariff and exemption from sales tax. It appears to the Board that the privilege of protection for domestic industry sometimes weighs unduly heavily upon that small portion of the population which comprises the afflicted and disabled; this principle is already recognized in the Customs Tariff for some of the afflicted groups but not for others.

In its recommendations the Board has sought to extend the area of recognition of their plight somewhat beyond its existing limits.

The Board is impressed by the plight of the handicapped but, in spite of its many advantages, the rather general language proposed by the Canadian Medical Association lends itself to a breadth of interpretation which gives the Board anxiety.

Prosthesis and orthosis are terms so broad in meaning that they inevitably raise certain problems. The term "prosthesis" could readily be urged to encompass either a wig, for the purely cosmetic use of the bald, or false teeth; at the hearing it was clear that the Association's proposal was not intended to include these prosthetic devices. The orthotic device could equally be urged to include the eyeglasses prescribed to remedy minor eye defects. Certain prostheses of a cosmetic or quasi-cosmetic nature are now subject to free entry such as the artificial eyes of tariff item 32618-1 and the mastectomy prostheses of tariff item 47810-1. The Board has not sought to make new provision for prosthetic and orthotic devices for the remedy of afflictions productive of only minor hindrance and sufficiently common and

widespread that their victims are not a small, heavily burdened class; in this sense it hardly seems that persons who need eyeglasses but can see well with them can be assimilated to the blind for these purposes.

At the present time most prosthetic and orthotic devices given free entry in the Customs Tariff are enumerated eo nomine. In seeking to give effect to some of the Association's proposals the Board in its recommendations has endeavoured to use the same method of enumeration; with the exception of Recommended Items V and VI, the Board has sought, in this area, to avoid the further perplexity and conflict which it foresees in connection with a class or kind distinction based upon the existence of Canadian manufacture or its absence.

It has appeared to the Board that to extend different treatment to different degrees of disability would give rise to administrative problems of a quite serious nature. Its recommendations have largely taken the form of enumerations of goods used by the disabled without other criterion of the extent of the disability. The only criterion used is the need for the articles of rehabilitation.

Auxiliary driving control kits used to facilitate the operation of motor vehicles by disabled persons are now the subject of provision in tariff items 43806-1 and 43807-1; the provision is part of a long enumeration of goods and is qualified by the words "for use in the manufacture and repair" of certain motor vehicles. The Board understands that these kits, now subject to a class or kind distinction relating to availability from Canadian production, are not so available; consequently they are now free of duty under both Tariffs.

The Board recommends free entry for these kits and for other equipment designed for attachment to motor vehicles to facilitate their operation by disabled persons, without end-use qualification or distinction relating to availability from Canadian manufacture. The benefit for the disabled would thus become more certain and more direct; it would then become possible for a disabled person, if he wished, to arrange the installation without the intervention of the manufacturer or repairer.

There have been great advances in the development of artificial limbs now granted free entry under tariff item 47805-1; among these are new devices giving power of motility. To ensure their inclusion and the inclusion of all accessories and devices for use with them, the Board is recommending a broader coverage in the tariff item.

There are now provisions in tariff items 48100-1 and 48105-1 for the free entry of certain boots, shoes and appliances for a person with a defective or abnormal foot or ankle. In order to simplify the tariff the Board is recommending a single provision for these goods; it is also recommending a slight enlargement in scope in order to include appliances purchased on the written order of a registered medical practitioner.

The Canadian Medical Association sought free entry for incontinence equipment for the use of persons afflicted by urinary or faecal incontinence. Much of this equipment is now allowed free entry under tariff item 47810-1. The Board is recommending enlargement of the existing coverage beyond "appliances" to include "articles".

Wheel chairs for invalids were the subject of conflicting representations. Two companies sought retention of the existing rates of Free, B.P., and 10 p.c., M.F.N., now provided in tariff item 48005-1; one company, a distributor of wheel chairs made in the United States, sought free entry for them under the provisions of tariff item 69605-1. There is Canadian production of certain wheel chairs. To alleviate the plight of those unable to obtain the required wheel chair from Canadian production, the Board, in accordance with the proposal of the Canadian Medical Association, recommends free entry for wheel chairs which are of a class or kind not made in Canada and continuation of the existing rates for the others.

The same recommendation is made for commode chairs and for toilet, bath or shower seats specially designed for the disabled. It includes chairs specially designed to facilitate the use of toilets, bedpans or other devices by the disabled in the process of excretion; though not all such chairs are equipped with wheels many are so equipped in order to facilitate the locomotion of the patient towards and over the toilet bowl. The recommendation also includes the toilet seats, bath seats and shower seats specially designed for the disabled.

The Board was informed that about two or three hundred Canadians undergo laryngectomy each year; this surgical removal of the larynx involves a partial or total mutism rendering speech communication to others difficult or impossible; about two thirds of those with this disability learn to speak with oesophageal speech; some others require the assistance of an artificial larynx now entered free of duty under tariff item 48600-1. To acquire oesophageal speech, to develop it to the point of easy comprehension by others and to give it sufficient volume to be clearly audible, varied equipment is necessary. This equipment includes devices to amplify the sound of oesophageal speech to audible volume and devices suitable for the audible or visual recording of speech or attempted speech for training purposes; these articles are largely entered under tariff items 44512-1, 44524-1, 46300-1, 46305-1 and 46310-1 at various rates, some of which are as high as 22½ p.c. under the Most-Favoured-Nation Tariff. Some of these goods would also be of benefit to those suffering from other forms of mutism.

The Board recommends the free entry of these goods for the use of the mute or partially mute, of a public hospital and of an institution for the mute or partially mute. Most of the goods in question are products of quite general use but the free entry recommended will cover only a very small part of their total consumption; because they are goods of quite general use, the Board attaches to the enumeration both an end-use qualification and a provision for ministerial regulation; if the administration of the Recommended Item should become difficult, the latter provision would allow the establishment of additional safeguards.

For a number of things needed by the disabled, the Board recommends free entry for the use of the disabled or of a public hospital: alternating pressure mattresses used to prevent the development of bed sores; ceiling projectors and prismatic glasses to facilitate reading by certain classes of disabled persons; oscillating beds required to facilitate breathing; patient-lifters used for lifting patients into beds, wheel chairs, baths, automobiles, or as required;

powered page turners and powered feeders for those unable to do these things unassisted.

To the existing free entry provided for crutches in tariff item 48000-1, the Board recommends the addition of canes and walkers for the use of the disabled or of a public hospital.

There was conflict of view concerning certain venous pressure-gradient elastic supports used for the benefit of persons afflicted with certain vascular or other ailments. A manufacturer in the U.S.A. proposed that these supports be permitted free entry. There was objection by a Canadian manufacturer of elastic hosiery for the relief of varicose veins; the Canadian product is not made to order for the individual patient but is a stock article. The Board recommends the free entry of the pressure-gradient elastic supports made to order for an individual when prescribed by a physician or surgeon.

Goods for Hospital and Medical Use

No proposals, verbal or written, were received by the Board from Canadian hospitals.

In a letter to the Secretary of the Board, dated April 27, 1965, the Canadian Hospital Association stated:

"Since the receipt of Reference No. 134, we have circulated the hospitals of Canada and asked if they are experiencing difficulty with current Customs regulations. The replies we received indicate that, in general, the hospitals of Canada are reasonably content with existing regulations."

In this same letter, the Association described itself as a "federation of Provincial Hospital Associations and Catholic Hospital Conferences".

By a further letter to the Secretary of the Board, dated May 3, 1965, the Association stated that it would not be making proposals, adding:

"the reason for this is that we are not actually proposing that there be no change in the present status of tariff items, but merely passing on to you the information that Canadian hospitals appear to be reasonably content with present tariff arrangements."

This exchange of correspondence has led the Board to believe that those most familiar with the needs of Canadian hospitals view the existing provisions of the Customs Tariff as satisfactory for their needs. Consequently the Board has not deemed it necessary to explore, in detail, the area of free entry or lower rates of duty available for hospital purchases with a view to extending it.

However in its recommendations on goods for the disabled, handicapped or afflicted the Board has, in several instances, introduced an end-use provision for the use not only of the disabled but also of a public hospital. Beyond these recommendations the Board is recommending, in the general area now covered for public hospitals by

tariff items 47600-1 and 69605-1, 47605-1, 47610-1, the elimination of some overlapping, certain adjustments in nomenclature and the addition of certain articles to the provisions for free entry.

Both tariff item 47605-1 and tariff item 69605-1 make provision for the free entry of certain goods for the use of public hospitals. The enumeration of goods in tariff item 47605-1 includes "Glassware and other scientific apparatus for laboratory work in public hospitals; ...; all for the use of any public hospital, under such regulations as the Minister may prescribe." The enumeration of goods in tariff item 69605-1 includes "philosophical and scientific apparatus (and ancillary equipment thereto), ...; All articles in this item, when ... for the use and by order of any public hospital ..., and not for sale or for rental, under such regulations as the Minister may prescribe." In addition, the end-use provisions of tariff item 69605-1 include, beyond use by public hospitals, use by "any society or institution incorporated ... solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any ... college, academy, school or seminary of learning in Canada".

Thus "scientific apparatus" "for the use of any public hospital" appears in each of the two tariff items; in tariff item 47605-1 the provision is qualified by "for laboratory work in public hospitals", a qualification which does not appear in tariff item 69605-1; in tariff item 69605-1 the provision is qualified by the words "by order of" and by the words "and not for sale or rental", neither of which appears in tariff item 47605-1.

To avoid duplication in enumeration, the Board recommends deletion of the initial enumeration of "glassware and other scientific apparatus for laboratory work in public hospitals" now in tariff item 47605-1; it further recommends that the enumeration of goods in tariff item 69605-1 be amended to include "glassware for laboratory or scientific uses", thus also extending the free entry of such glassware for the use of societies or institutions incorporated solely for educational, scientific or other purposes mentioned in tariff item 69605-1.

In relation to these two tariff items, 47605-1 and 69605-1, representations were made that the qualification "of a class or kind not made in Canada" be made applicable to all the goods for hospital use in both items. This qualification now exists in tariff item 69605-1, but only in relation to mechanical equipment. In a field of such technical complexity as medical and scientific goods, apparatus and devices, the Board is reluctant to extend the proposed qualification to all the goods of the two items because of the perplexity and conflict it would engender for both the taxpayer and the administrator; in addition, if the qualification were added, it is not clear to what extent the existing free entry of products would be restricted.

There were a number of representations seeking the deletion from tariff item 69605-1 of the provision "and by order of". The Board recommends the deletion of this provision, thus allowing free entry for the enumerated goods for hospital and other use whether or not the hospital or other qualified user had specifically placed the order for them. However, the Board is recommending preservation of the final provision of the item for regulation by the Minister.

The Board is recommending other changes in tariff item 69605-1 which are discussed under the heading: Goods for Educational, Scientific and Related Purposes.

The Board recommends extension of the coverage of tariff item 47605-1 relating to infant and patient identification devices to include also medical-alert devices warning that the bearers suffer from certain diseases, allergies or other things; the enlarged coverage also includes equipment for the application of these devices. These additional goods would thus be allowed free entry for the use of a public hospital.

In Recommended Items IX, X and XIII the Board is recommending a re-arrangement of the contents of tariff items 47600-1 and 47610-1. The re-arrangement includes a recommendation that the surgical suction apparatus including motive power, now in tariff item 47610-1, be no longer qualified by the existing class or kind distinction; this apparatus is not now deemed to be of a class or kind made in Canada. In other respects the re-arrangement is largely for greater clarity and without appreciable change in scope.

Though the Canadian Hospital Association had made it clear to the Board that Canadian hospitals appeared to be reasonably content with the existing tariff arrangements, this spirit of contentment did not extend to all those who supply goods to the hospitals.

There were a large number of proposals by suppliers urging extension of the free entry provisions for hospitals to further goods and to further users; these were largely made by suppliers of imported goods. Earlier in this Report, the Board mentioned its reluctance to recommend the extension to corporations, associations or persons operating for profit or gain of the free-entry benefits granted to public hospitals or to the disabled. None of the extensions was sought by the hospitals and the relief to the patients or to the public appears too indirect, remote and uncertain. For the reasons given earlier, the Board is not recommending these proposed extensions of free entry.

Conflicting representations were made by Minnesota Mining and Manufacturing of Canada Limited and the Canadian Surgical Dressings Industry concerning certain "pressure sensitive adhesive surgical products" performing functions closely related to those performed by what the public would generally call adhesive tape; the products are made by the Company's parent company in the United States. The Company urged that its products differed in use and in composition from somewhat similar products made in Canada; it sought free entry for them only when of a "kind not made in Canada". The Industry naturally sought continuation of the protection it now enjoys, characterizing as calamitous any change in the tariff structure. In so complex a field a differentiation in rates based on a distinction of "kind not made in Canada" would be fraught with great difficulty. The Board recommends no change.

Proposals were also made for the discontinuance of the free entry of certain solutions of tariff item 20625-1, of certain administration sets of tariff items 20630-1, 20635-1 and 47600-1 and of a range of somewhat similar products of tariff items 20630-1, 47600-1, 47605-1 and 69605-1 relating to hospital or medical supplies. These

proposals were the subject of representations by conflicting interests. The Canadian producers sought removal of these products from the items providing free entry; some sought preservation of the free entry for the materials and articles used in making the products. Importing interests urged no change because of the lack of wide coverage from Canadian production and because of the benefit of competition in keeping prices down.

Faced with conflicting commercial interests when the proposed changes appear to tend towards increased costs for the users even on types of goods not produced in Canada and a possible reduction in the number of competitors in the market, the Board recommends no change.

Because of its recommendation to preserve or enlarge the provisions for the free entry of goods, including certain medical goods, for the use of the disabled and of the public hospitals, the Board also recommends free entry for materials and articles for use exclusively in the manufacture of nearly all the goods in its recommended items. This free entry for use in the manufacture of some of the goods already exists in tariff items 47815-1 and 69610-1. It has not made this recommendation for the wheel chairs of a class or kind made in Canada because they are subject to continued protective duties under Recommended Item V; it has made the recommendation for the wheel chairs of a class or kind not made in Canada to provide for cases of special custom construction or for manufacture in insufficient quantities to qualify as being of a class or kind made in Canada.

Goods for Educational, Scientific and Related Purposes

There were naturally conflicts of view on educational and scientific goods between the users and the producers.

The Board proposes to deal first with the user interests. Among these it deals first with teaching or research institutions or societies, such as universities, colleges, academies, schools and seminaries of learning.

As in its recommendations for hospital and medical goods, the Board is generally recommending free entry only for institutions which are operated without profit or gain for shareholders, partners or individuals; however, its recommendations do not exclude certain commercial schools which now enjoy benefits under tariff item 69605-1.

The Association of Universities and Colleges of Canada, formerly known as the Canadian Universities Foundation, sought free entry for all goods used in teaching and research by a university or college together with some revision of tariff item 69605-1 to avoid the time and cost now spent on obtaining rulings on difficult interpretations. The Association also drew to the Board's attention a proposal by the Canadian Association of University Business Officers for a revision of tariff item 69605-1 to make end-use the determining factor in establishing free entry for goods imported for educational purposes in lieu of the present enumeration of the goods.

The continuation of Canada's growth and development in all fields requires urgently the development of education in the broadest sense. Accordingly, it would be contrary to the national interest to make changes in the Customs Tariff which might tend to hinder educational development unless there existed exceptional circumstances of urgency or necessity.

In recent years, the increase in population and the greater awareness of the need for education have created serious difficulties for educational institutions in financing their great and rapidly increasing costs.

To perform adequately the function of encouraging the development of knowledge and ideas when faced by these problems, the universities, in particular, are already apprehensive that their freedom of action in this field may be jeopardized by too great dependence on government. According to the Dominion Bureau of Statistics Daily Bulletin of October 26, 1967, page 4, of nearly three quarters of a billion dollars received by Canadian universities from all sources in 1965-66, almost two thirds -- 63 per cent -- were from government sources, federal, provincial and municipal. Student fees, in the same period accounted for 16 per cent of the dollars received by the universities, bringing the combined total of these two sources to 79 per cent.

The sources of revenue outside of government and students' fees therefore amounted to 21 per cent. Within this remaining 21 per cent, 1.8 per cent was supplied by corporations and 1.3 per cent by foundations; thus it appears that corporations and foundations contributed some 3.1 per cent. Figures prepared by the Industrial Foundation on Education and published in its Newsletter No. 22, of November 1962, show that some 3,700 Canadian companies provided grants to higher education in 1961; this represents 3.8 per cent of the total of companies filing a corporation income tax return. Thirteen per cent of those companies with assets of more than \$1 million made contributions; 200 companies, 6 per cent of the total number of contributors, provided over 70 per cent of the business and industry total. These figures are quoted because there were some representations to the Board stressing the extent of industrial contribution to universities, the need for protection of industry and the unfairness of calling upon industry to bear a greater load by loss of protection than that borne by the community at large.

The universities stressed not only the problems arising directly from the search for money to meet clearly foreseeable expenditures but also those arising from the Customs Tariff itself. A number of the existing provisions of the Tariff are difficult to interpret even for those skilled and experienced in the field. For example it may be very hard to determine which of the goods used in teaching and research are to be considered "philosophical and scientific apparatus" and which are not; it may be equally hard to know which precise forms of "mechanical equipment" are to be considered as being of a class or kind made in Canada and which are not; for the person unskilled in Customs matters, a correct interpretation is impossible without the expenditure of much time and energy or the payment of far from negligible fees for expert opinion.

In their more important aspects, both teaching and research are demanding and exacting pursuits; if they are to be properly carried

out, neither can become a matter of repetitive routine as most commercial processes of production must be; in consequence, only the specialized teacher or research worker will know just what will serve his special needs; unfortunately such special branches of knowledge or learning seldom, if ever, include a high degree of customs expertise. Thus it is clear that if there are serious interpretative difficulties in the Customs Tariff they will consume a substantial amount of the time and attention not only of the administrative staff of the university but also of the highly talented and highly specialized teacher and research worker -- a very scarce resource in Canada at present. In the competition for this scarce resource, the Board is credibly informed that success goes to the institution and country capable of assuring to such teacher or research worker the opportunity of carrying out his work with precisely the equipment needed; indeed the offer of an alternative that is only approximately as good may serve to repel rather than to attract.

To meet the needs of Canada's educational institutions the Board recommends free entry of goods for use directly in teaching and research. Its recommendation differs from the proposal of the Association of Universities and Colleges of Canada only by the addition of the adverb "directly"; by this addition it has sought to clarify the coverage of the Recommended Item with the intention of excluding a variety of goods which might otherwise have been a source of conflict. The Board's recommendation on this score would also cover the proposals made by the Canadian School Trustees' Association and the Canadian Teachers' Federation, though not entirely that by the University of Manitoba which would seem to extend to other goods used by a university.

The Canadian Library Association, supported by a number of provincial, regional and municipal libraries, sought extension of the free entry of goods now afforded to them under tariff items 17315-1 and 69605-1. The public library may, in many ways, be assimilated to the university and the school; much use of it is made for educational purposes; there is no doubt that it is of service to the public for both literary and educational purposes. Many goods are now subject to free entry for public libraries though not all of those used by them. The Board recommends the specific addition of public libraries to the institutions now listed in tariff item 69605-1 and the addition of motion-picture films, filmstrips, microfilms, slides, pamphlets, magazines, reproductions of works of art and sound-recordings to the goods listed in the same item. This recommendation would clarify the entitlement of public libraries to benefit under tariff item 69605-1 and make the goods listed eligible for free entry for them and for the other users listed in the item.

The bona fide libraries described in tariff item 69625-1 may now, under the item, import sound recordings, such as phonograph records or tape recordings, free of duty; modern and larger libraries now provide space in which to listen to such recordings. In consequence the Board recommends the addition to the goods described in this item of phonographs and tape recorders for these libraries; this will facilitate their task in disseminating music and education.

In tariff item 69605-1 there is now provision for "casts as models"; because the Board deems this provision no longer to be descriptive of contemporary developments and needs, it recommends, in its stead, a provision for "models, static or moving". For greater clarity,

it also recommends the inclusion, among the qualified institutions, of public libraries, public museums and universities and the listing of the fine arts. Again for greater clarity it recommends that the mechanical equipment of a class or kind not made in Canada be qualified by the words "not otherwise enumerated in this item", thus making it clear, in accordance with binding decisions, that if such equipment qualified elsewhere in the item it is still entered free of duty even though it be of a class or kind made in Canada.

The Board recommends, also in relation to tariff item 69605-1, that two changes be made in the conditions attaching to free entry. At present one of the conditions is that the goods be for the use "and by order of" one of the qualified institutions; the Board recommends the deletion of the requirement of an order for the goods because of its restrictive effect and because of its consequential burdens in the area of larger investments in inventory, of interest charges and of inconvenience and expense in documentation and recording. Also, at present, one of the conditions is that the goods should be "not for sale or for rental"; to ensure that sale or rental between qualified institutions remains possible the Board recommends the amendment of the existing qualification so that it would become "not for sale or rental unless to those mentioned herein".

A proposal was made to the Board for the free entry of motion-picture archives; the purpose of such archives is the promotion of appreciation of the motion-picture art, the acquisition by deposit of motion-picture films and their exhibition without commercial purposes. The Board associates such archives with a museum, a cultural depository or institution for promoting the arts and it recommends free entry of such archives in Recommended Item XII.

Finally among the user interests are two proposals the adoption of which the Board is not recommending.

The first is that of the American Radio Relay League Inc. for free entry of certain amateur-band radio equipment. At the hearing stress was laid upon the self-education of the amateur, his scientific investigation, his useful rôle in moments of emergency or disaster and upon the League's technical publications. The Board does not, for one moment, contest the laudable nature of the purposes and activities of the League's members; it does, however, find difficulty in assimilating to the subject matter of this reference an amateur activity with a personal aim arising out of a personal interest in the subject matter; for this reason it is not making any recommendation in this field beyond those made some three years ago in its Report on Reference 123 -- Radio, Television and Related Products.

The second is that of the Independent Order of Oddfellows, a benevolent society which undertakes mutual assurance and certain forms of relief from distress. The Order sought a reduction in duties on the regalia and jewels worn by its members and on its books of rituals and ceremonies. The Order has some 97,000 members in Canada and its imports for 1964 were said to be valued at \$2,500. The regalia are collars of textile fabric with gold thread and embroidery and certain robes worn during initiation ceremonies; the jewellery comprises jewels given to members or past officers for meritorious service; the books of rituals and ceremonies describe the ceremonials. It appears to the

Board that the uses of the regalia, jewels and rituals, though closely related to the private purposes of the members, are only indirectly related to the prosecution of the Order's worthy objectives; the Board makes no recommendation concerning these goods.

Turning from the user interests in educational and scientific goods to the producer interests, it must be noted that the views of the producers, unlike those of the users, presented a sharp dichotomy. The domestic producers, not unnaturally, sought restriction of free entry and either preservation or creation of protective duties. The foreign producers and Canadian importers, on the other hand, moved by the same logic, were equally anxious to preserve or create free entry for their products.

The representations of the producers frequently involved considerations of a rather general commercial nature beyond the scope of the Reference such as proposals for protective rates of duty, proposals by the foreign producer or the domestic importer for free entry, proposals based on the rates of duty appropriate for a given product or proposals relating more to the Excise Tax Act than to the Customs Tariff; in a general manner many of these proposals were presented in the light of the interest of a particular producer, importer or group supplying educational equipment; however, in this Reference, the Board is endeavouring rather to recommend where free entry should exist on the basis of what it has called worthiness of purpose.

The National Audio-Visual Association of Canada is an association of agents and distributors of audio-visual aids used largely in the educational and religious fields; for its members the Association sought to change the existing provision in tariff item 69605-1 for "mechanical equipment" of a class or kind not made in Canada to one for "articles and equipment" of the same class, thus enlarging the scope of the provision without eliminating any of its existing coverage. The proposal would enlarge the area of doubt and conflict about which the Canadian Association of Universities and Colleges complained; in addition it appears to extend well beyond the goods produced by the members of the Association.

There were conflicting representations by an American producer, H. Wilson Corporation, on the one hand and two Canadian producers, Eddie Black's Limited and Martin Photo (1961) Limited, on the other; the conflict related to rear screen projection units, mobile audio-visual tables, mobile television tables and television wall and ceiling mounts, all when exclusively used in schools, hospitals and religious training centres.

Also in the area of educational equipment, Stark Electronic Instruments Ltd., a member of the Electronic Industries Association, made an individual submission dissociating the company from the Association's proposals which are mentioned later. Stark makes, for schools, such things as electrical and electronic teaching aids and a variety of other things; most of such educational equipment is now free of duty under tariff item 69605-1. The company proposed an amendment to tariff item 69605-1 to establish certain duties upon some of these products. The purpose of an amendment of this nature was to acquire protection while maintaining the exemption from sales tax provided in paragraph 1 of Part VII of Schedule III to the Excise Tax

Act for the goods enumerated in tariff item 69605-1. The Board considers recommendations relating to the Excise Tax Act to be beyond the scope of this Reference; it does however point out that any change in tariff item 69605-1 by way of exclusion of goods now enumerated therein may render such goods subject to sales tax unless they are otherwise exempt; similarly any change in the tariff item by way of inclusion of goods not now enumerated therein would render them exempt from sales tax. These observations, of course, are also true of the other tariff items listed in Part VII of Schedule III to the Excise Tax Act, a number of which are the subject of recommendation by the Board.

The Brett-Guard Corporation of New Jersey in the United States of America proposed free entry for a plastic guard designed to prevent accidents arising from the operation of revolving circular saws.

Schulmerich Carillons Inc., a manufacturer of musically-tuned, English-type handbells in the United States proposed free entry for its bells for use in religious, therapeutic, educational and youth activities.

Glassware of a scientific nature or for laboratory use was the subject of representations. There appear to be several Canadian producers and several importers or distributors of such glassware. The market was estimated at about \$1 million annually of which some three quarters is imported free of duty; to the Board this figure appears to be low; an examination of various statistical classes suggests a much larger figure for the value of duty-free imports. In its discussion of goods for hospital use the Board has recommended continued free entry for glassware of this type.

The Canadian Refrigeration and Air Conditioning Association made representations concerning environmental control equipment, urging restriction of free entry under tariff item 69605-1 to only such equipment as is of a class or kind not made in Canada; the Association sought to have the class or kind distinction, now applicable in the tariff item to "mechanical equipment", extended to apply also to scientific apparatus, thus eliminating the need to distinguish between the two; the elimination of this distinction would, of course, involve the creation of the class or kind distinction in relation to the scientific apparatus. The Association stressed the fact that, in our technological age, scientific goods rapidly become commonplace.

For the proposals of such various interests as the National Audio-Visual Association of Canada, The Wilson Corporation, Eddie Black's Limited, Stark Electronic Instruments Limited, Brett-Guard Corporation, Schulmerich Carillons Inc., and the Canadian Refrigeration and Air Conditioning Association, the Board makes no recommendation beyond those already made relating to the proposals of the users of educational and scientific goods. Some of the goods for which producers sought restriction or deletion of the end-use free entry under tariff item 69605-1 were subject to free entry when domestic production was initiated; in this area the producers were aware of the existing tariff circumstances when they began production. For another portion of these goods the Board is aware that its recommendation for enlargement of the scope of tariff item 69605-1 to include "goods for use directly in teaching and research" will broaden the privilege of free entry.

Many submissions relating to hospitals and educational or scientific institutions naturally enter also into the field of commercial research and development because the goods involved may be identical or very similar.

The Canadian Pulp and Paper Association sought free entry for equipment used in research and development by the pulp and paper industry; the equipment is now imported largely from the U.S.A., but also from the Scandinavian countries; the Association thought the Canadian market for this specialized equipment to be too small for Canadian manufacturers to engage in its production. An Association survey of thirty member companies, representing about 75 per cent of Canadian production showed a disbursement of some \$26.5 million on research and development, of which \$1.75 million was spent on equipment; of the latter figure some \$900,000 was for imported equipment.

A similar proposal was made by the Air Industries Association of Canada relating to the manufacture of aircraft and parts in Canada; it sought free entry for equipment used in research and development within the industry; expenditures for this purpose were valued at \$44 million in 1963, equivalent to about 8 per cent of production by member companies, and of this expenditure about 40 per cent was said to be for the equipment under discussion.

The Pharmaceutical Manufacturers' Association also made a similar proposal for research equipment and for chemicals, drugs and materials used in research.

There were several other proposals, such as those of Canadian Laboratory Supplies Limited, Fisher Scientific Co. Ltd. and The Glass Manufacturers Federation of the United Kingdom, for the free entry of laboratory equipment and supplies; some such equipment and supplies may now be entered free of duty under such tariff items as 47600-1 and 69605-1; they are also subject to entry under a large number of other tariff items at various rates of duty. The market was estimated by a Canadian subsidiary of an American supplier at about \$30 million, almost entirely supplied by imports, most of which come from the United States. The users comprise hospitals, educational institutions and government and industrial laboratories; apart from the industrial or commercial laboratories, most users can import free of duty, mainly under tariff item 69605-1.

In the same general area were proposals by the Canadian Testing Association. The Association considered its members to be the subject of unfair discrimination by competition from research and testing done in universities and government research bodies where the equipment used was not subject to customs duties.

After the hearing, Bio-Research Laboratories sought free entry for equipment used in pharmacological and toxicological research.

Testing Machines International of Canada Limited, an importer, also sought free entry for research and testing equipment.

The proposals of the Canadian Pulp and Paper Association, the Air Industries Association of Canada, the Pharmaceutical Manufacturers' Association and the various other proposals sought the free entry for commercial use of equipment used in research and development, of laboratory and of testing equipment. In this area of commerce and

industry, assistance and incentives are provided in the Income Tax Act and by several financial assistance programs. The Board deems the scope of the present Reference and the nature of its enquiry to be such that it should not make any recommendation on these proposals.

In opposition to the many pleas for free entry were several submissions from Canadian manufacturing interests. The most general was that of the Canadian Manufacturers' Association, an Association of some 6,200 Canadian manufacturing companies said to produce about 75 per cent of the country's total manufacturing production. For the scientific apparatus, utensils, instruments, mechanical equipment, and parts of the foregoing, of tariff item 69605-1 and for the varied goods of tariff item 47605-1, the Association sought the qualifying phrase "of a class or kind not made in Canada"; it deemed the administrative difficulties of its proposal to be outweighed by the measure of encouragement given to new industry. The Association's objectives were the stimulation of domestic production, the encouragement of new industry and production, the provision of more employment, the improvement of domestic productivity and the improvement of the Canadian manufacturer's competitive position through lower costs realized by greater scale of production in the domestic market.

The Canadian Electrical Manufacturers Association (CEMA) claimed to represent 90 per cent of the electrical manufacturing industry in volume of production. It proposed that the free entry of tariff item 69605-1 be restricted for electrical equipment, as it is for mechanical equipment, to equipment of a class or kind not made in Canada. In the view of the Association there appeared to be little doubt that the words "electrical equipment" would include equipment called "electronic". In 1964, the value of shipments of electrical apparatus manufactured in Canada was reported as \$1.6 billion at factory selling price; the proportion of sales to hospitals and universities is not reported and was not known by the Association. The Association opposed extension of the end-use provision of tariff item 69605-1 to industrial and commercial users because of administrative difficulties and of the other assistance currently given to research and development.

The Electronic Industries Association of Canada is an Association of more than 100 manufacturers of electronic equipment, a number of which are also members of the Canadian Electrical Manufacturers Association; its total sales were said to amount to some \$620 million annually. The Association's proposal somewhat resembled that of the Canadian Electrical Manufacturers Association; it sought restriction of free entry for electronic equipment under tariff item 69605-1 to electronic equipment of a class or kind not made in Canada.

The Industrial Instrument Manufacturers Association made a similar proposal for the products made by its members.

These four Associations, the Canadian Manufacturers' Association, the Canadian Electrical Manufacturers Association, the Electronic Industries Association of Canada and the Industrial Instrument Manufacturers Association, sought restriction of the free entry provisions of tariff items 47605-1 and 69605-1 to goods qualified by the words "of a class or kind not made in Canada". A qualification of this nature extending beyond the "mechanical equipment" of tariff item 69605-1 would be restrictive of the area of free entry under which all interests have been operating for a number of years; such restriction

would conflict with the Board's earlier recommendations; furthermore the extension of the qualification beyond mechanical equipment would introduce the class or kind distinction related to Canadian production into a field of great technical complexity. For these reasons the Board is not recommending change.

The Canadian Chemical Producers' Association proposed the deletion of the provision for ethylene from tariff item 47610-1; this deletion has already been recommended by the Board in Recommended Item R-26 of its Report on Reference 120 - Chemicals. The Association also urged that the provision for preparations, if retained in tariff item 69605-1, be restricted to non-chemical preparations; this proposal would diminish the existing area of free entry and the areas of free entry contained in the Board's recommendations made above; the Board is not recommending this change.

The Graphic Arts Industries Association made representations largely on behalf of the commercial printing industry. The Association's concern was directed to competition from institutions entitled to import printing machinery free of duty under tariff item 69605-1 whereas the commercial printer had to pay customs duties on equipment imported by him. The Association consequently sought parity of treatment either by an amendment to tariff item 69605-1 excluding "mechanical equipment for printing or for otherwise reproducing images in permanent or semi-permanent form" from the coverage of the item or by allowing similar free-entry for its members. The Association urged that this competitive business included both loss of commercial orders and actual competition in the sale of such products as Christmas cards; in the Association's view, the production by the qualified institutions had a commercial value in excess of \$10 million annually; also in the Association's view the inequity was increased by the application of sales tax to the products of the commercial printer and the competitors' exemption therefrom. In its Report on Reference 133, the Board dealt with printing machinery; it recommended the elimination of the 10 per cent duty on the larger presses which represent an important requirement of commercial printers. Smaller presses would continue to be entered at Free, B.P., and 10 p.c., M.F.N.; some smaller presses are now being manufactured in Canada. In these circumstances the Board makes no recommendation beyond those made in its Report on Reference 133.

"Philosophical"

In the letter of reference, the Minister mentions that it has been suggested that the reference to "philosophical" instruments and apparatus in tariff items 46200-1 and 69605-1 is out of date and in need of review.

The term "philosophical" applied to apparatus and instruments appears in the Customs Tariff, as far back as 1847, for the Province of Canada. In the legislation of 1849 it is rendered in the French version of the law as "instruments et appareils de physique et chimie". Its companion term "scientific" appears to have entered the Customs Tariff in 1904. Today the term "philosophical" is used in tariff item 46200-1 in the following manner:

"46200-1: Philosophical, photographic, mathematical and optical instruments, n.o.p.; ..."

and in tariff item 69605-1 in the following manner:

"69605-1: Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; ... All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, ..."

During the hearing the Board sought, with meagre success, to ascertain the meaning given to the word "philosophical" in industrial usage. It rather appears that, apart from the two tariff items in question, in industrial usage the application of the word to apparatus or instruments would be productive only of perplexity. Because of the evolution of the English language over the years, this situation appears entirely logical.

In "A New Dictionary of the English Language", compiled by Charles Richardson, London, 1836, there is a reference to Francis Bacon's "Advancement of Learning" which makes it clear that, originally, the term "philosophical" included what is now described as "scientific" together with much else, including the metaphysical and moral sciences.

From the Oxford English Dictionary, 1933, the Board cites the following three extracts:

PHILOSOPHER - 1. A lover of wisdom; one who devotes himself to the search of fundamental truth; one versed in philosophy or engaged in its study; formerly in a wide sense, including men learned in physical science (physicists, scientists, naturalists), as well as those versed in the metaphysical and moral sciences, but now chiefly confined to the latter.

PHILOSOPHICAL - 1. Of or pertaining to a philosopher or philosophy; of the nature of, consonant with, or proceeding from philosophy or learning; in earlier usage including 'scientific' but now restricted in the same way as PHILOSOPHER and PHILOSOPHY, q.v.

PHILOSOPHY - 3. (= natural philosophy) The knowledge or study of nature, or of natural objects and phenomena; 'natural knowledge': now usually called science. Now rare or Obs.

5. (= metaphysical philosophy) That department of knowledge or study which deals with ultimate reality, or with the most general causes and principles of things. (now the most usual sense.)

The Encyclopaedia Britannica, 1962, Vol. 17, page 758, contains the following:

Since the middle of the 19th century it has become customary to describe physics, chemistry and biology as natural sciences rather than as branches of natural philosophy, and some parts of what was once called mental and moral philosophy have also attained independent status. Psychology, economics, comparative philology, social anthropology and the theory of political institutions are all now established as empirical sciences. We may hesitate to call them natural sciences, "nature" being still used in some contexts to make a contrast with "man"; but we no longer count them parts of philosophy, since they are now studied by specialists without regard to the other parts of the traditional field. In the 20th century even formal logic has become independent as the basic discipline of mathematics. What then is left for the philosopher? Only a study like that which Plato prescribed for his guardians, but one which is inevitably more complicated than his because of what has happened in the interval.

The Grand Larousse Encyclopédique (1963) defines "philosophie" as "Ensemble de conceptions ou de croyances portant sur les principes des êtres et des choses, sur le rôle de l'homme dans l'univers. Système d'idées impliquant une réflexion critique sur ces problèmes. ..."

It seems clear from all the foregoing, including the differences in the French and English texts of the law in 1849, that there has been a constant trend away from the inclusion of the natural, physical, scientific or empirical domain towards a limitation of the meaning of the word in English to the metaphysical domain; this is a mere manifestation of the evolution of language; the contemporary meaning of philosophical in English appears very closely to approximate the meaning of "philosophique" in French; because in both languages the word has the metaphysical meaning, the Board considers the use of a word so metaphysical in its meaning to be outdated and fraught with perplexity and conflict when applied to things as physical as instruments, apparatus, utensils and preparations.

In tariff item 46200-1, the instruments classified are "philosophical, photographic, mathematical and optical". In March, 1923, the Board of Customs interpreted the word "philosophical" in this item in the following manner:

"Philosophical apparatus and instruments are such as are more commonly used for the purpose of making observations and discoveries in nature, and experiments for developing and exhibiting natural forces, and the conditions under which they can be called into activity ..."

This interpretation was given in a decision declaring a tipping bucket rain gauge to be a "philosophical instrument"; the Board is informed that the following main categories of instruments have been similarly classified: thermometers, barometers, other meteorological instruments and geophysical instruments such as magnetometers and directional compasses.

Though it recommends the amendment of the clause in which the word "philosophical" appears in tariff item 46200-1, the Board seeks to change the administration of the item as little as possible; by the amendment, it recommends the substitution of words closely corresponding to the present administrative interpretation of the item.

In tariff item 69605-1 the term "philosophical" appears twice: once to qualify, jointly with the term "scientific", "apparatus (and ancillary equipment thereto), utensils, instruments, and preparations" and once to qualify the purposes of certain societies or institutions entitled to the benefits of the tariff item. In both places the Board recommends the deletion of the term "philosophical"; in both places the term is used jointly with the term "scientific" and in both places the Board deems the continued use of the latter term to be sufficient for the purposes of the tariff item.

The deletion of the word "philosophical", wherever used in the two tariff items, would eliminate from the Customs Tariff all reference to a word unsuited to qualify physical articles or goods.

In summary, then, the Board has studied not only the four items explicitly mentioned in the Letter of Reference but a number of other similar or related existing items. Generally speaking, for reasons outlined above, it is not recommending the extension of special free entry to goods for industrial or professional use; it is, however, recommending the extension of free importation to a number of additional articles for use by mute or otherwise disabled persons and to additional goods for the use of public libraries and educational, scientific and religious institutions. Most of the recommended items, however, are designed principally to continue, to consolidate and to clarify provisions which already exist for the free entry of goods for specified non-commercial purposes and to bring them into greater conformity with modern technology and nomenclature; a few of the recommended amendments are consequential on the other changes recommended. No narrowing of the provisions for free entry is intended.

To effect these purposes, the Board is recommending the amendment of Schedule A to the Customs Tariff by the amendment or deletion of twenty existing tariff items and by the insertion of fifteen Recommended Items.

Tariff Items 43806-1 and 43807-1 would be amended to exclude auxiliary driving control kits for disabled persons and parts thereof; for these, free entry is provided in Recommended Item I without reference to use or Canadian production. The words of tariff item 46200-1 would be changed to conform with modern usage without appreciable change in the scope of the item. Tariff items 51100-1 and 51100-6 would be amended by the insertion of the provision "n.o.p." after canes, to indicate that canes for the disabled would be attracted from this tariff item; such canes would be eligible for free entry under Recommended Item VIII.

Provision would be made for the goods of the deleted tariff items as follows: for Existing Item 47600-1, in Recommended Item X; for 47605-1, in IX and XIII; for 47610-1, in IX and X; for 47805-1, in II; for 47810-1, in IV; for 47815-1, in XI; for 47900-1, in V and VI; for 48000-1 in VIII; for 48005-1, in V and VI; for 48100-1 and 48105-1, in III; for 48600-1, in VII; for 69605-1, in XIII; for 69610-1, in XIV; and for 69625-1, in XIII and XV.

Extensions of the provisions for free entry of goods for the disabled or handicapped are included in several Recommended Items. Recommended Item VII would extend the free entry, now provided for artificial larynges in Existing Item 48600-1, to a considerable number of other articles when imported for the mute or the partially mute. Recommended Item VIII would extend the free entry now applicable to crutches, under Existing Item 48000-1, to canes and a very considerable number of other named rehabilitation articles when imported for the use of disabled persons or for the use of public hospitals.

Similarly Recommended Items V and VI would provide for the importation, free of duty, of certain seats and chairs, accessories and attachments specially designed for the disabled, when of a class or kind not made in Canada, and at Free, B.P. and 10 p.c., M.F.N. when of a class or kind so made.

Recommended Item XIII, in addition to continuing the provisions of existing item 69605-1 in more explicit form, would provide for "all other goods when for use directly in teaching or research"; these words, although designed primarily to diminish uncertainties and disputes, would extend the scope of the item; so also, to a lesser extent, would the inclusion of "magazines and pamphlets, reproductions of works of art, sound recordings". Among the eligible institutions, public libraries, public museums and universities are named explicitly in this Recommended Item.

In addition, a number of other Recommended Items would provide for small extensions of the privilege of free entry: Recommended Item I, for some additional driving control equipment to facilitate the operation of motor vehicles by disabled persons; Recommended Item IV, for certain urinary articles worn by the incontinent, and materials and apparatus for applying and maintaining them; Recommended Item XII, for motion picture films for archival use; IX for medical-alert or patient-identification tapes and apparatus for applying them; XV for tape recorders and phonographs for certain libraries. Recommended Items XI and XIV would continue the existing provisions of free materials and articles and extend it to materials and articles for use exclusively in the manufacture of certain other goods that would be admitted free of duty under various Recommended Items.

Several of the Recommended Items that would provide for extensions of the privilege of free entry would also clarify corresponding provisions which now appear in existing items.

The remainder of the Recommended Items are intended primarily to diminish inconvenience or uncertainty that has arisen, or might arise, by rearranging existing provisions or making them more explicit.

The changes are treated in more detail in the Notes on Recommended Items and the Notes on Existing Items.

RECOMMENDED SCHEDULE

1. That Schedule A to the Customs Tariff be amended by striking out from tariff items 43806-1 and 43807-1 the clause "Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof."
2. That Schedule A to the Customs Tariff be amended by striking out from tariff item 46200-1 the clause "philosophical, photographic, mathematical and optical instruments, n.o.p.;" and substituting therefor the clauses "instruments for observation, measurement, experimentation or demonstration in respect of natural phenomena, n.o.p.; photographic, mathematical and optical instruments, n.o.p.;"
3. That Schedule A to the Customs Tariff be amended by adding to the enumeration of goods in tariff items 51100-1 and 51100-6 the provision ", n.o.p.," after the word "canes" in each of these items.
4. That Schedule A to the Customs Tariff be amended by striking out therefrom the following tariff items with their enumerations of goods and rates of duty: 47600-1, 47605-1, 47610-1, 47805-1, 47810-1, 47815-1, 47900-1, 48000-1, 48005-1, 48100-1, 48105-1, 48600-1, 69605-1, 69610-1 and 69625-1.
5. That Schedule A to the Customs Tariff be amended by inserting therein the following tariff items, with their enumerations of goods and rates of duty:

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most Favoured- Nation Tariff	General Tariff
I	Auxiliary driving control kits and other equipment designed for attachment to motor vehicles to facilitate their operation by physically disabled persons; parts of the foregoing.....	Free	Free	Free
II	Artificial limbs, with or without power, and all accessories and devices therefor; spinal and other orthopedic braces; parts of the foregoing.....	Free	Free	Free
III	Boots, shoes, and appliances for an individual with a defective or abnormal foot or ankle when made to order for the individual or when purchased on the written order of a registered medical practitioner.....	Free	Free	Free

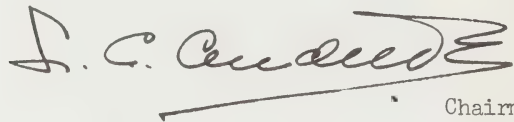
Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
IV	Aural, nasal, mastectomy and other medical or surgical prostheses; materials for use in reconstructive surgery; ileostomy, colostomy and urinary appliances or articles other than infants' pants and diapers, designed to be worn by an individual; materials and articles required therewith for proper application and maintenance...	Free	Free	Free
	Invalid chairs and commode chairs, with or without wheels; motive power and wheel assemblies therefor; toilet, bath and shower seats; all specially designed for the disabled; accessories and attachments for all the foregoing:			
V	Of a class or kind made in Canada; parts thereof.....	Free	10 p.c.	15 p.c.
VI	Of a class or kind not made in Canada; parts thereof.....	Free	Free	Free
VII	Artificial larynges; devices for amplifying speech to audible volume; devices for the audible or visual recording or reproduction of speech or attempted speech, for use in training; attachments, accessories and batteries for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a mute or partially mute person, of a public hospital, or of a bona fide association or institution for the mute or partially mute, and not for sale or rental unless to those mentioned herein, under such regulations as the Minister may prescribe.....	Free	Free	Free

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
VIII	Alternating pressure mattresses; canes, crutches and walkers; ceiling projectors and prismatic glasses, for reading; oscillating beds; patient-lifters; powered feeders, powered page-turners; pressure-gradient elastic supports made to order for an individual in accordance with the written prescription of a registered physician or surgeon; attachments and accessories for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a disabled person or of a public hospital, under such regulations as the Minister may prescribe...	Free	Free	Free
IX	Operating room lights designed to minimize shadow, not including bulbs, of a class or kind not made in Canada; chairs and tables for surgical operating purposes; infant incubators; infant and patient medical-alert or identification devices including beads, tapes and ribbons of any material, cases therefor and equipment for their application; electrocardiographs, paper and sensitized film for use therein; apparatus for sterilizing purposes, including bedpan washer-sterilizers but not including washing nor laundry machines; parts of all the foregoing; electroencephalographic paper. All for the use of any public hospital, under such regulations as the Minister may prescribe.....	Free	Free	Free

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
X	X-ray apparatus and X-ray film; microscopes, illuminating devices and stands for use therewith; the following surgical, dental, veterinary and diagnostic articles: instruments; sterilizers; cobalt-therapy units; anesthesia, surgical suction and oxygen administering apparatus including motive power and wall outlets but not piping systems. Parts of all the foregoing; electric light lamps designed for use with all the foregoing; portable cases and containers for all the foregoing.....	Free	Free	Free
XI	Materials and articles for use exclusively in the manufacture of the goods enumerated in Recommended Items I, II, III, IV, VI, VII, VIII, IX and X.....	Free	Free	Free
XII	Motion picture films and filmstrips, with or without sound recording, for deposit as archives and for exhibition without commercial purpose, under such regulations as the Minister may prescribe.....	Free	Free	Free
XIII	Scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing them; glassware for laboratory or scientific uses; maps, charts, motion picture films, filmstrips, microfilms, slides and other photographic reproductions and pictorial illustrations; pamphlets and magazines; reproductions of works of art; sound recordings and video tape recordings; stencils and cards specially designed for the preparation			

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
XIII (Cont'd)	of library index cards; models, static or moving; animals as research or experimental subjects; living plants, seeds, cut- tings, buds, scions, tubers, bulbs and root-stock; mechanical equipment not otherwise enumerated in this item when of a class or kind not made in Canada; all other goods when for use directly in teaching or research; parts of all the foregoing. All the fore- going when for the use of any society or institution incorporated or established solely for religious, educa- tional, scientific or literary purposes, or for the encouragement of the fine arts (namely architec- ture, sculpture, painting, engraving and music), or for the use of any public hospital, public library, public museum, university, college, academy, school or seminary of learning in Canada and not for sale or rental unless to those mentioned herein, under such regulations as the Minister may prescribe.....	Free	Free	Free
XIV	Materials and articles for use exclusively in the manufac- ture of the goods enumerated in Recommended Item XIII....	Free	Free	Free

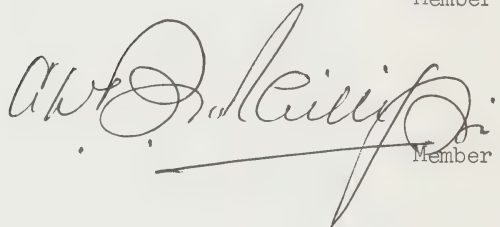
Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
XV	Sound recordings specially made for use in the study of languages; sound recordings, tape recorders and phonographs for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns; under such regulations as the Minister may prescribe	Free	Free	Free



Chairman



Member



Member

Ottawa, May 6, 1968

NOTES ON RECOMMENDED ITEMSRecommended Item I

- I Auxiliary driving control kits and other equipment designed for attachment to motor vehicles to facilitate their operation by physically disabled persons; parts of the foregoing

Free

Free

Free

The Canadian Medical Association proposed that certain driving control equipment to facilitate the operation of motor vehicles by disabled persons be admitted free of duty.

Auxiliary driving control kits for the disabled are now enumerated in tariff items 43806-1 and 43807-1, as part of a long list of automotive articles "for use in the manufacture or repair" of most types of motor vehicles; as are the other articles named in these items, the kits are admitted free of duty under both the British Preferential and the Most-Favoured-Nation Tariffs if of a class or kind not made in Canada; otherwise they would be entered at Free, B.P., and 17½ p.c., M.F.N.

The Canadian market for these kits is very small and it is understood that they are not now available from Canadian production.

To meet more flexibly the needs of the disabled, Recommended Item I would provide free entry not only for the kits but also for other driving control equipment designed for the disabled, whether or not for use in repair or manufacture and whether or not of a class or kind made in Canada. Paragraph 1 of the Recommended Schedule provides for the deletion of the corresponding clause of tariff items 43806-1 and 43807-1.

Recommended Item II

- II Artificial limbs, with or without power, and all accessories and devices therefor; spinal and other orthopedic braces; parts of the foregoing

Free

Free

Free

This Recommended Item reproduces the words and rates of Existing Item 47805-1 with the addition of the words "with or without power, and all accessories and devices therefor".

It would encompass all the goods now imported free of duty under Existing Item 47805-1; in 1966 these imports amounted to some \$188,000. Although the added words would broaden slightly the scope of the item they are intended principally to clarify its meaning.

The additional words are designed to ensure the inclusion of the electric or carbon dioxide "muscles" and other equipment recently developed for persons such as the "thalidomide babies" who are handicapped by missing limbs. The parts, accessories and devices would include such articles as cosmetic gloves for artificial hands, various hooks used as terminal devices, joints with hydraulic components as well as batteries, electrodes, transistors and transducers for powered artificial limbs. Most of these devices do not appear to be available from Canadian production.

The spinal and other orthopedic braces of both this Recommended Item and Existing Item 47805-1 are rigid or semi-rigid articles; more flexible supports, such as supporting corsets, are not included in either the recommended or the existing item.

Recommended Item III

III Boots, shoes, and appliances for an individual with a defective or abnormal foot or ankle when made to order for the individual or when purchased on the written order of a registered medical practitioner

Free

Free

Free

This Recommended Item is intended to provide continued free entry for certain boots, shoes, and appliances specially made to be worn by a person with a defective or abnormal foot or ankle. It would include the goods enumerated in Existing Items 48100-1 and 48105-1, under which the combined imports in 1966 amounted to about \$2,000; it would further include a specially constructed boot or appliance when purchased on the order of a registered medical practitioner.

Recommended Item IV

IV Aural, nasal, mastectomy and other medical or surgical prostheses; materials for use in reconstructive surgery; ileostomy, colostomy and urinary appliances or articles other than infants' pants and diapers, designed to be worn by an individual; materials and articles required therewith for proper application and maintenance

Free

Free

Free

This Recommended Item reproduces the words and rates of Existing Item 47810-1 with the addition of the words "or articles other than infants' pants and diapers".

The proposals of the Canadian Medical Association included free entry of incontinence equipment designed to be worn by the individual. The list of such equipment extends beyond the goods which

would ordinarily be called appliances, and Recommended Item IV, by the addition of the word "articles", is intended to provide free entry for articles such as pads and rubber and plastic pants which are designed to be worn by handicapped persons, but not for incontinence goods normally used for infants and small children.

This Recommended Item, then, would include these additional articles as well as the goods now enumerated in tariff item 47810-1; imports under the latter item, in 1966, were valued at almost one million dollars.

Recommended Items V and VI

Invalid chairs and commode chairs, with or without wheels; motive power and wheel assemblies therefor; toilet, bath and shower seats; all specially designed for the disabled; accessories and attachments for all the foregoing:

V Of a class or kind made in Canada; parts thereof

Free	10 p.c.	15 p.c.
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VI Of a class or kind not made in Canada; parts thereof

Free	Free	Free
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Invalid chairs with wheels, invalid chairs designed to be used with wheels, and motive power and wheel assemblies therefor are now enumerated in tariff item 48005-1 which provides for free entry under the British Preferential Tariff, 10 p.c. under the Most-Favoured-Nation Tariff and 15 p.c. under the General Tariff, without distinction as to Canadian manufacture.

In tariff item 48005-1, the words "invalid chairs designed to be used with wheels" has given rise to some uncertainty. The words in the Recommended Item are intended to remove this uncertainty and in addition to include not only the invalid chairs now enumerated in Existing Item 48005-1 but also commode chairs and invalid chairs without wheels; provision is also made for the wheel assemblies when imported separately.

In addition, the Recommended Item enumerates certain other chairs and seats of types commonly used by the disabled; it would include the "orthopedic high chairs and parts thereof" of Existing Item 47900-1. To make it clear that ordinary furniture is not included, the chairs of the Recommended Item are restricted to those specially designed for the disabled.

Wheel chairs were the subject of conflicting representations before the Board. Two companies urged that the existing rate of 10 p.c., M.F.N., be maintained while another proposed that they be admitted free of duty for the uses specified in tariff item 69605-1.

Wheel chairs of certain types have been produced in Canada for many years, but other types have not.

The Board is recommending free entry for the goods enumerated when the complete article is of a class or kind not made in Canada, and 10 p.c. under the M.F.N. Tariff when it is of a class or kind made in Canada.

In 1966, imports under Existing Item 48005-1 amounted to \$313,000, some \$306,000 from the U.S.A., and some \$6,000 from the United Kingdom; the imports under Existing Item 47900-1 were \$3,000, all from France.

Recommended Item VII

VII Artificial larynges; devices for amplifying speech to audible volume; devices for the audible or visual recording or reproduction of speech or attempted speech, for use in training; attachments, accessories and batteries for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a mute or partially mute person, of a public hospital, or of a bona fide association or institution for the mute or partially mute, and not for sale or rental unless to those mentioned herein, under such regulations as the Minister may prescribe

Free

Free

Free

With respect to "artificial larynges", this Recommended Item would continue the provisions of tariff item 48600-1. Imports under that item, in 1966, were valued at some \$3,000, all from the U.S.A.

To some of those who have had to undergo the surgical removal of the larynx, speech can be restored by the use of an artificial larynx; others, about two-thirds of the two or three hundred Canadians undergoing laryngectomy in each year, learn to use oesophageal speech.

In acquiring, developing and amplifying oesophageal speech varied equipment is necessary. This includes amplifiers, with the required microphone and batteries, necessary to amplify oesophageal speech to audible volume; devices for the recording and reproduction of attempts at speech during the period of training; devices for reproducing still or moving pictures of speech practice for training purposes. Some of this equipment would also be of use to those handicapped by other forms of muteness.

Many of these goods are used by the public generally and they are now subject to duty under such tariff items as 44512-1, 44524-1, 46300-1, 46305-1 and 46310-1 at various rates of duty, some as high as 22½ p.c. under the Most-Favoured-Nation Tariff.

This Recommended Item would include only goods for the use of the mute or partially mute or of associations or institutions for the mute or partially mute. For these, it would provide free entry under such regulations as the Minister may prescribe.

The total value of the imports under Recommended Item VII would be small because of the relatively few mute or partially mute in Canada; for goods also commonly used by the general public, some of which are available from Canadian production, imports for qualified users would form a negligible part of the total Canadian market for any one article.

Recommended Item VIII

VIII Alternating pressure mattresses; canes, crutches and walkers; ceiling projectors and prismatic glasses, for reading; oscillating beds; patient-lifters; powered feeders, powered page-turners; pressure-gradient elastic supports made to order for an individual in accordance with the written prescription of a registered physician or surgeon; attachments and accessories for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a disabled person or of a public hospital, under such regulations as the Minister may prescribe

Free

Free

Free

This Recommended Item would include a number of named articles when imported for the use of a disabled person or of a public hospital.

The Jobst Institute Inc., a manufacturer in the U.S.A., sought free entry for venous pressure-gradient elastic supports when made to individual specifications upon the prescription of a physician for the benefit of persons afflicted with certain vascular ailments. There was objection to this proposal from a Canadian manufacturer of some types of elastic supports. However, it appears that there is no manufacture in Canada of such supports made to order for an individual; some of the supports made to order are now entered under tariff item 56821-1 as "socks and stockings, n.o.p." at $17\frac{1}{2}$ p.c. plus 75 cents per dozen pair under the M.F.N. Tariff; other such supports are dutiable under tariff item 56300-1 as "clothing, wearing apparel and articles made of woven fabric" at an M.F.N. rate of $27\frac{1}{2}$ p.c. The Jobst Institute reported that its annual sales in Canada amounted to some 900 units valued at between \$12,000 and \$15,000.

In addition to the pressure-gradient supports, the Recommended Item would provide free entry for a number of articles listed in the proposal of the Canadian Medical Association when these are imported for the use of a disabled person or of a public hospital. Of these, crutches are now admitted free of duty under Existing Item

48000-1; the articles named in this Recommended Item that are mechanical equipment of a class or kind not made in Canada are now eligible for free entry under tariff item 69605-1 when for the use and by the order of an institution named in that item but are not now so eligible when imported for the use of an individual; the other articles are dutiable under various tariff items, at rates which, in some cases, are as high as 22½ p.c. under the M.F.N. Tariff.

Walking sticks and walking canes of all kinds are now dutiable, under tariff items 51100-1 and 51100-6, at 20 p.c. under the B.P. and the M.F.N. Tariffs. It is intended that walking canes for the use of a disabled person or a public hospital should be attracted into this Recommended Item and allowed free entry. In order to effect this result the Board is recommending, in the third paragraph of its Recommended Schedule, that the provisions for walking sticks and walking canes in Existing Items 51100-1 and 51100-6 be qualified by the provision "n.o.p."

With the exception of some crutches, canes and walkers, it is believed that nearly all the articles named in this Recommended Item are of a class or kind not made in Canada.

For all the goods enumerated, Recommended Item VIII would provide free entry when imported for the use of a disabled person or of a public hospital.

Recommended Item IX

IX Operating room lights designed to minimize shadow, not including bulbs, of a class or kind not made in Canada; chairs and tables for surgical operating purposes; infant incubators; infant and patient medical-alert or identification devices including beads, tapes and ribbons of any material, cases therefor and equipment for their application; electrocardiographs, paper and sensitized film for use therein; apparatus for sterilizing purposes, including bedpan washer-sterilizers but not including washing nor laundry machines; parts of all the foregoing; electroencephalographic paper. All for the use of any public hospital, under such regulations as the Minister may prescribe

Free

Free

Free

The operating room lights of this Recommended Item are now admitted, free of duty, under Existing Item 47610-1. For the most part, these are portable lights and certain others used in minor surgery; ceiling-suspended major surgical operating room lights are ruled to be of a class or kind made in Canada.

This Recommended Item would also provide for the continued free entry of all the goods for the use of public hospitals which are now imported free of duty under Existing Item 47605-1 with the exception of the "glassware and other scientific apparatus for laboratory work" enumerated in the existing item; for these latter goods, free entry would be provided by Recommended Item XIII.

In 1966, imports under Existing Item 47605-1 amounted to \$3.2 million.

In addition, this Recommended Item would provide a clarification and a slight expansion in scope by enumerating explicitly certain articles which have come to be used in the identification of patients or of their medical characteristics: medical-alert beads, tapes or ribbons, as well as the apparatus used in attaching any such devices to the patient. It is not expected that the value of the additional imports would be substantial.

Recommended Item X

X X-ray apparatus and X-ray film; microscopes, illuminating devices and stands for use therewith; the following surgical, dental, veterinary and diagnostic articles: instruments; sterilizers; cobalt-therapy units; anesthesia, surgical suction and oxygen administering apparatus including motive power and wall outlets but not piping systems. Parts of all the foregoing; electric light lamps designed for use with all the foregoing; portable cases and containers for all the foregoing

Free

Free

Free

This Recommended Item would provide, without restriction as to end-use or made-in-Canada status, for surgical suction apparatus including motive power; such apparatus is now eligible for free entry under Existing Item 47610-1 but only when of a class or kind not made in Canada and for the use of a public hospital.

With the exception of certain portable containers, the other goods enumerated in this Recommended Item are now admitted free of duty under Existing Item 47600-1. The minimum value for microscopes which appears in that existing item would be eliminated because it is considered to be obsolete and unnecessary. The Recommended Item would include clinical thermometers, surgical needles and other surgical and dental instruments now enumerated in Existing Item 47600-1. For purposes of clarification, veterinary and diagnostic uses are mentioned explicitly, as are sterilizers, cobalt-therapy units and anesthesia, surgical suction and oxygen administering apparatus; piping, for the latter three, which is to be incorporated into the building would be explicitly excluded.

The Recommended Item further provides for portable containers for the articles enumerated in the item, whereas Existing Item 47600-1 provides only for cases for clinical thermometers.

Imports under Existing Item 47600-1 were valued at some \$46 million in 1966.

Recommended Item XI

- XI Materials and articles for use exclusively in the manufacture of the goods enumerated in Recommended Items I, II, III, IV, VI, VII, VIII, IX and X

Free

Free

Free

Free entry is now provided by Existing Item 47815-1 for imports of materials and articles for use in the manufacture of nearly all the goods that would be enumerated in Recommended Items II and IV. This Recommended Item XI would extend these provisions to include materials and articles for use in the manufacture of the goods for which free entry is provided in the Recommended Items listed therein.

Because the goods of Recommended Item V would be dutiable under the Most-Favoured-Nation Tariff, Recommended Item V is not included in the list.

Recommended Item VI is restricted to goods of a class or kind not made in Canada; however goods of such a class or kind may, in fact, be made in Canada, but in quantities insufficient to justify a ruling that they are deemed to be so made, or when no such ruling has been sought.

Recommended Item XII

- XII Motion picture films and filmstrips, with or without sound recording, for deposit as archives and for exhibition without commercial purpose, under such regulations as the Minister may prescribe

Free

Free

Free

La Cinémathèque canadienne, a non-profit organization for the promotion of motion picture appreciation by the creation of motion picture archives, the acquisition and conservation of motion picture films and their non-commercial exhibition, proposed that free entry be accorded to motion picture films and filmstrips imported for such purposes; the proposal was supported by the National Film Board and the Canadian Film Archives of the Canadian Film Institute.

Recommended Item XII is intended to allow free entry for films for such institutions which would be entirely non-commercial in character. There are no data on the importation of such films into Canada.

Recommended Item XIII

XIII Scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing them; glassware for laboratory or scientific uses; maps, charts, motion picture films, filmstrips, microfilms, slides and other photographic reproductions and pictorial illustrations; pamphlets and magazines; reproductions of works of art; sound recordings and video tape recordings; stencils and cards specially designed for the preparation of library index cards; models, static or moving; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment not otherwise enumerated in this item when of a class or kind not made in Canada; all other goods when for use directly in teaching or research; parts of all the foregoing. All the foregoing when for the use of any society or institution incorporated or established solely for religious, educational, scientific or literary purposes, or for the encouragement of the fine arts (namely architecture, sculpture, painting, engraving and music), or for the use of any public hospital, public library, public museum, university, college, academy, school or seminary of learning in Canada and not for sale or rental unless to those mentioned herein, under such regulations as the Minister may prescribe

Free

Free

Free

This Recommended Item would provide for the great variety of goods now imported under Existing Item 69605-1 as well as for the glassware and other scientific apparatus for laboratory use in public hospitals now imported free of duty under Existing Item 47605-1 and, in addition, for other goods now subject to various rates of duty.

In 1966 the goods imported under Existing Item 69605-1 amounted to some \$68 million in value.

Doubts and uncertainty have arisen concerning the meaning of certain words in Existing Items 47605-1 and 69605-1; for the most part, differences in the words used in the corresponding provisions of this Recommended Item are intended to clarify the meaning rather than to extend the scope of the provisions.

The change in words from "philosophical and scientific" in Existing Item 69605-1 to "scientific" as it appears in the Recommended Item would occasion no appreciable change in scope.

However, Recommended Item XIII would include the "glassware and other scientific apparatus for laboratory work" of Existing Item 47605-1 as "scientific apparatus" or as "glassware for laboratory or scientific uses"; the end-use provisions are broader in the Recommended Item than in Existing Item 47605-1.

The words "motion picture films, filmstrips, microfilms and slides" are intended to enumerate more explicitly some of the articles now admitted as photographic reproductions. The provision for pamphlets, magazines, reproductions of works of art, and sound recordings may result in some broadening of the provisions in the direction urged by the Canadian Library Association. However, this broadening may be less than might at first appear because sound recordings are now admitted free of duty under tariff item 69625-1, if specially made for use in the study of languages or if for bona fide libraries or for the use and by order of any organization established solely for religious purposes; on the deletion of Existing Item 69625-1, the recordings for religious organizations would qualify for entry under this Recommended Item.

The words "casts as models", which now appear in Existing Item 69605-1, are replaced in this Recommended Item by "models, static or moving". With the passage of time, the use of cast models has been supplemented by that of models which are not cast, many of which are constructed with moving parts. Such models serve more effectively some of the educational and other uses of the older cast models.

In the Recommended Item the words "not otherwise enumerated in this item" are introduced between "mechanical equipment" and "when of a class or kind not made in Canada" to make it clear that scientific apparatus, goods used directly in teaching and research, and goods otherwise enumerated in the item are subject to free entry, even when they are also mechanical and of a class or kind made in Canada.

The provision for "all other goods when for use directly in teaching or research" is included in the recommendation at the urging of the Canadian Universities Foundation, now the Association of Universities and Colleges of Canada. It would increase the scope of the Recommended Item, perhaps substantially and it is intended to remove some of the time-consuming problems which now arise from uncertainty as to the classification of these goods. The use of the word "directly" is intended to make it clear that goods are eligible for entry when so used and also that they are excluded when they contribute only indirectly to teaching and research, for example when they are for use as office equipment or for the construction of buildings.

In this Recommended Item, for greater clarity, public libraries, public museums and universities are named explicitly whereas in Existing Item 69605-1 they are now considered to be implicitly included in the more general words of the existing item. Similarly, "the fine arts" are enumerated.

Existing Item 69605-1 provides free entry only "for the use and by order" of the favoured institutions. It was urged upon the Board that the requirement to produce a written order imposed on commercial importers the very considerable inconvenience and expense (sometimes prohibitory) of documentation and recording as well as the

impossibility, in some instances, of obtaining free entry or refund of duty even with respect to articles actually sold to the favoured users. Accordingly, the words "and by order" do not appear in the Recommended Item; however, the power of the Minister to make necessary regulations is preserved.

Finally, the existing provision that the goods should not be for sale or rental is qualified by the words "unless to those mentioned herein". It would appear that the purpose of the item would be more adequately served if one of the favoured institutions was permitted to rent, or sell at second hand, to another of the favoured institutions: for example, when such transactions occur between different school districts or universities, or between a school and a church.

Recommended Item XIV

XIV Materials and articles for use exclusively
in the manufacture of the goods enumerated
in Recommended Item XIII

Free Free Free

This Recommended Item would include the materials and articles of Existing Item 69610-1 and such additional articles and materials as are for use in the manufacture of any additional goods enumerated in Recommended Item XIII.

Imports under Existing Item 69610-1 amounted, in 1966, to \$1.3 million. These imports were extremely varied; however, if separated roughly into large statistical divisions, it would appear that "measuring, controlling, laboratory, medical and optical equipment" together with "communication and related equipment" comprised almost three-quarters of the imports in that year.

Recommended Item XV

XV Sound recordings specially made for use in
the study of languages; sound recordings,
tape recorders and phonographs for bona
fide libraries, and being the property of
the organized authorities of such libraries
and not the property of individuals or
business concerns; under such regulations
as the Minister may prescribe

Free Free Free

This Recommended Item would provide for the special recordings for use in the study of languages now eligible for free entry under Existing Item 69625-1.

The facilities of libraries are now being extended to include rooms and equipment for the playing of tapes and records. This Recommended Item would provide free entry for tape recorders and phonographs as well as the sound recordings; the recorders and phonographs are now

imported under dutiable items at rates up to 20 p.c. under the Most-Favoured-Nation Tariff. No published data are available on the volume of such purchases by bona fide libraries.

In addition, it would continue the existing free entry for sound recordings for the libraries that qualify; these might include some libraries that would not qualify as public libraries within the provisions of Recommended Item XIII.

This Recommended Item reproduces largely the provisions of Existing Item 69625-1, with the exception of the sound recordings for religious organizations; they would qualify for free entry under Recommended Item XIII.

NOTES ON EXISTING ITEMSExisting Items 43806-1 (19th clause) and 43807-1 (19th clause)

...
 Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof;

...
 All the foregoing for use in the manufacture or repair of goods enumerated in tariff items 41006-1, 42400-1 and 43803-1, or for use in the manufacture of parts therefor:

43806-1	When of a class or kind not made in Canada			
		Free	Free	30 p.c.
43807-1	When of a class or kind made in Canada			
		Free	17½ p.c.	30 p.c.

For the auxiliary driving control kits of this existing provision, Recommended Item I would provide free entry, whether or not they are of a class or kind made in Canada and whether or not they are for use in the manufacture or repair of vehicles. It is understood that they are not available from Canadian production.

Existing Item 46200-1

46200-1	Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of the foregoing			
		7½ p.c.	25 p.c.	30 p.c.
GATT		2½ p.c.	15 p.c.	

This Existing Item provides, generally, for several types of goods some of which would qualify, if for the enumerated uses, for free entry under Existing Item 69605-1. It was referred to the Board only with respect to the word "philosophical" and not with respect to the other words of the item or to rates of duty.

The word "philosophical" in this item has been interpreted since 1923, in accordance with a decision of the Board of Customs, as follows:

"Philosophical apparatus and instruments are such as are more commonly used for the purpose of making observations and discoveries in nature, and experiments for developing and exhibiting natural forces, and the condition under which they can be called into activity ..."

Paragraph 2 of the Recommended Schedule would provide for the deletion of the words "philosophical ... instruments" and the substitution therefor of clearer words which would not result in appreciable change in scope.

Existing Item 47600-1

47600-1 Surgical and dental instruments of any material; surgical needles; clinical thermometers and cases therefor; X-ray apparatus and X-ray film; microscopes valued at not less than fifty dollars each, retail; complete parts of the foregoing; electric light lamps designed for use with the foregoing

Free

Free

Free

The contents of this Existing Item, as far as can be ascertained, would be eligible for free entry under Recommended Item X.

In 1966, the value of imports under this item was almost \$46 million, mostly from the U.S.A. but nearly \$3 million from the United Kingdom and some \$9 million from other countries.

Existing Item 47605-1

47605-1 Glassware and other scientific apparatus for laboratory work in public hospitals; chairs and tables for surgical operating purposes and parts thereof; infant incubators and parts thereof; infant and patient identification tapes and ribbons of any material; infant identification bead sets including cases, and parts thereof; electrocardiographs and parts thereof, and sensitized film and paper for use therein; electroencephalographic paper; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing nor laundry machines; all for the use of any public hospital, under such regulations as the Minister may prescribe

Free

Free

Free

Provision is made in Recommended Item XIII for the free entry of "the glassware and other scientific apparatus for laboratory work" enumerated in this Existing Item. The remaining goods of the item would continue to be eligible for free entry under Recommended Item IX.

Total imports under this Existing Item in 1966 were valued at about three and one-quarter million dollars, almost all from the U.S.A.

Existing Item 47610-1

47610-1 Surgical suction apparatus including motive power; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under such regulations as the Minister may prescribe

Free

Free

Free

The deletion of ethylene from this Existing Item was recommended in the Board's Report on Reference 120 - Chemicals, because it appears that it no longer is commonly used in hospitals; instead, ethylene would enter free of duty under Recommended Item 29.01(11) of that Report; for general use it is now classified in Tariff Item 208t at Free, B.P., and 15 p.c., M.F.N.

The surgical suction apparatus, motive power and parts of this Existing Item would continue to be eligible for free entry under Recommended Item X, while the operating room lights and parts of the item would continue to be eligible for free entry under Recommended Item IX.

Imports under this Existing Item in 1966 were valued at some \$371,000, of which some \$368,000 were from the United States of America; some \$2,000 from the United Kingdom and \$1,000 from other countries.

Existing Item 47805-1

47805-1 Artificial limbs; spinal and other orthopedic braces; parts of the foregoing

Free

Free

Free

The goods enumerated in this Existing Item would continue to be entitled to free entry under the provisions of Recommended Item II.

In 1966, total imports were valued at some \$188,000; they were principally from the United States but also, in small amounts, from the United Kingdom and West Germany.

Existing Item 47810-1

47810-1 Aural, nasal, mastectomy and other medical or surgical prostheses; materials for use in reconstructive surgery; ileostomy, colostomy and urinary appliances designed to be worn by an individual; materials and articles required therewith for proper application and maintenance

Free

Free

Free

All the goods enumerated in this Existing Item would be eligible for continued free entry under Recommended Item IV.

In 1966, imports were valued at almost one million dollars; of these, imports from the U.S.A. amounted to \$959,000 and those from the U.K. to some \$25,000.

Existing Item 47815-1

47815-1 Materials and articles for use in the manufacture of the goods enumerated in tariff items 47805-1 and 47810-1

Free

Free

Free

The materials and articles of this Existing Item would be classified in Recommended Item XI and would be entered free of duty. Imports under this item amounted to about \$140,000 in 1966, of which \$122,000 was from the U.S.A., \$13,000 from the United Kingdom and \$5,000 from West Germany.

Existing Item 47900-1

47900-1 Orthopedic highchairs and parts thereof

Free

Free

Free

The goods of this Existing Item would be classified as invalid chairs specially designed for the disabled under Recommended Item V at Free, B.P., and 10 p.c., M.F.N., when the chairs are of a class or kind made in Canada; otherwise they would qualify for free entry under Recommended Item VI.

In 1966, imports under this item amounted to \$3,000, all from France.

Existing Item 48000-1

48000-1 Crutches or specially constructed staffs for cripples

Free

Free

Free

This Existing Item provides free entry for crutches; the words "or specially constructed staffs for cripples" provide a mere alternative or explanatory description of crutches and has no effect on the scope of the item. The Existing Item does not include canes or accessories for crutches or canes. In Recommended Item VIII provision is made for the continued free entry of all the goods of this Existing Item under the name "crutches".

Imports in 1966 were valued at some \$43,000, all but about \$1,000 from the U.S.A.

Existing Item 48005-1

48005-1 Invalid chairs, with wheels; invalid chairs, designed to be used with wheels; parts of the foregoing including motive power and wheel assemblies and parts thereof

Free 10 p.c. 15 p.c.

This Existing Item includes invalid chairs, generally described as wheel chairs, as well as commode chairs when with wheels or designed to be used with wheels; invalid chairs not designed to be used with wheels are now classified in other items, for the most part according to their nature and material. In this Existing Item, no distinction is made with respect to Canadian manufacture.

Recommended Items V and VI would provide for all the goods of this Existing Item, at the existing rates of duty when of a class or kind made in Canada, and free of duty when of a class or kind not so made. Prior to the hearing, only a few types of wheel chairs had been manufactured in Canada for many years; other types were imported. However, several additional types are now produced in Canada.

Imports, in 1966, amounted to about \$313,000 of which some \$306,000 were from the U.S.A. and some \$6,000 from the U.K.

Existing Items 48100-1 and 48105-1

48100-1 Specially constructed boot or appliance made to order for a person having a crippled or deformed foot or ankle

Free Free Free

48105-1 Individual pairs of boots or shoes for defective or abnormal feet, when purchased on the written order of a registered medical practitioner

Free Free 40 p.c.

These two items provide free entry under both the B.P. and the M.F.N. Tariffs for special boots, shoes and appliances for persons with deformed or defective feet or ankles. Recommended Item III would provide for all the goods enumerated in these two Existing Items, free of duty under all Tariffs.

No imports were recorded in 1966 under item 48100-1 and even under item 48105-1 they amounted to only two thousand dollars, all from the U.S.A.

Existing Item 48600-1

48600-1 Artificial larynx, for use in restoring speech

Free Free Free

Continuation of free entry for the goods of this Existing Item would be provided under Recommended Item VII.

Imports amounted, in 1966, to about \$3,000, all from the U.S.A.

Existing Items 51100-1 and 51100-6

51100-1 Walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p.

20 p.c.

30 p.c.

35 p.c.

51100-6 GATT

Walking sticks and walking canes; of all kinds

20 p.c.

It is intended that Recommended Item VIII should provide free entry for any canes for the disabled, that are now classified in these Existing Items; it is believed that such imports would be small. The other goods of both these Existing Items would continue to be classified therein.

Paragraph 3 of the Recommended Schedule would provide for amendment of the Existing Items by the insertion of the provision "n.o.p." after the word "canes" in each of the items.

Total imports under Existing Item 51100-6 amounted to \$58,000 of which \$32,000 were from Japan, \$11,000 from the U.K. and \$8,000 from the U.S.A.

Existing Item 69605-1

69605-1 Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations; video tape recordings; stencils and cards, specially designed for the preparation of library index cards; casts as models; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale or for rental, under such regulations as the Minister may prescribe

Free

Free

Free

This Existing Item provides free entry for a great variety of goods "for the use and by order of" specified organizations.

In respect of scientific and laboratory glassware for hospitals, it duplicates certain of the provisions of Existing Tariff Item 47605-1.

As might be expected from the breadth of its provisions, imports under this item are extremely varied; they range from relatively large imports of "laboratory and scientific instruments, apparatus and equipment and parts, n.e.s." to very small amounts of such goods as eggs in the shell, sweet potatoes, printing ink and plaster of Paris.

In all, goods imported under this item were recorded in more than 600 import statistical classes. Of these imports, about one-third, by value, was recorded in the statistical class described as "Laboratory and scientific instruments, apparatus, equipment and parts, n.e.s." In each of eleven of the remaining import statistical classes, imports were valued at more than one million dollars; these eleven statistical classes, in descending order of the value of imports recorded, were: spectrometers, spectrophotometers and parts; electricity measuring instruments; laboratory glassware and ceramic ware and parts; electronic computers and parts; physical properties testing and inspection equipment and parts, n.e.s.; packaged liquid chillers, centrifugal type; medical and surgical instruments, equipment and parts; radioactive elements, isotopes and compounds, n.e.s., and stable isotopes and their compounds; geophysical and mineral prospecting equipment and nuclear radiation detection and measuring devices and parts; measuring and measuring-controlling instruments, n.e.s.; hospital equipment, utensils, accessories and parts.

The rest of the imports under this item -- rather more than one-third of the total -- were distributed among close to 600 import statistical classes; it would appear that, for the greater number of these classes, the imports for the uses specified in this Existing Item form only a small part of the total Canadian market, the remainder being supplied either from imports under other tariff items or from domestic production.

Recommended Item XIII would provide for the continued free entry of all the goods now eligible under Existing Item 69605-1.

In 1966, imports under the item amounted to some \$68 million in value. Of these some \$61.5 million were imported from the U.S.A., \$1.7 million from the United Kingdom, and the remainder from many other countries.

Existing Item 69610-1

69610-1 Materials and articles for the manufacture of the goods specified in tariff item 69605-1

Free

Free

Free

On the deletion of Tariff Item 69605-1, the goods specified therein would continue to qualify for free entry under Recommended Item XIII. Correspondingly, the goods of Existing Item 69610-1 would qualify under Recommended Item XIV.

In 1966, imports under Existing Item 69610-1 amounted to \$1.3 million in value, almost all from the U.S.A. They included relatively small amounts of a great variety of goods. However, almost three-quarters of them were classified as "measuring, controlling, laboratory, medical and optical equipment" or as "communication and related equipment".

Existing Item 69625-1

69625-1 Sound recordings specially made for use in the study of languages;
 Sound recordings for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns;
 Sound recordings for the use and by order of any society or institution incorporated or established solely for religious purposes, and not for sale or rental;
 Under such regulations as the Minister may prescribe

Free

Free

Free

The goods of the first two clauses would continue to be eligible for free entry under the provisions of Recommended Item XV.

The sound recordings for religious purposes of the third clause would be eligible for entry, free of duty, under Recommended Item XIII.

Imports under existing item 69625-1, in 1966, were valued at \$143,000 of which \$119,000 were from the U.S.A., \$15,000 from France and \$4,000 from the United Kingdom.

APPENDIX ISECTION IIMPORT STATISTICS

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SECTION II

SHIPMENTS STATISTICS

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Source: Dominion Bureau of Statistics and Tariff Board Survey

NOTE

Statistical tables 1 to 22 present the value of imports according to one of three classification systems:

- (A) The D.B.S. classification of imports in use prior to 1964;
(Tables 2, 4, 5, 7, 8, 12 and 14)
- (B) The D.B.S. classification of imports in use from 1964 to date;
(Tables 1, 3, 6, 9, 10, 11, 13 and 15)
- (C) The tariff items of Schedule A of the Customs Tariff;
(Tables 16, 17, 18, 19, 20, 21 and 22).

There is no necessarily close relationship between these three classification systems; however, certain relationships which have relevance to this Reference, are shown in (A) and (B), either as footnotes to the tables or as sub-headings under the main table headings.

SECTION I
IMPORT STATISTICS

Table 1

Imports: Medical and surgical instruments, equipment and parts,
s.c. 706-13(a)

Tariff Items: various(b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	13,724	208	38,849	18.7
1965	15,416	..	..	..
1966	18,144	..	..	..
<u>2. United Kingdom</u>				
1964	474	7	577	8.0
1965	635	..	..	..
1966	649	..	..	..
<u>3. United States</u>				
1964	12,190	184	34,881	18.9
1965	13,226	..	..	..
1966	15,754	..	..	..
<u>4. Germany W.</u>				
1964	494	9	1,782	19.5
1965	648	..	..	..
1966	685	..	..	..
<u>5. Japan</u>				
1964	243	1	290	21.2
1965	166	..	..	..
1966	152	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 9141, 9142 and 9150 form part of this Appendix

(b) Including, among others, items 47600-1, 47605-1, 47610-1, 69605-1 and 69610-1

Table 2

Imports: Surgical instruments and parts, s.c. 9150^(a)

Tariff Item: 476 (47600-1)

<u>Year</u>	<u>Total Imports</u> \$(000)	<u>Dutiable Value</u> \$(000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1953	4,567	-	-	-
1954	4,580	-	-	-
1955	4,956	-	-	-
1956	5,138	-	-	-
1957	5,502	-	-	-
1958	6,496	-	-	-
1959	7,642	*	59	24.3
1960	8,554	-	-	-
1961	10,550	-	-	-
1962	11,924	3	728	27.0
1963	14,374	4	547	13.6

2. United Kingdom

1953	287	-	-	-
1954	259	-	-	-
1955	248	-	-	-
1956	310	-	-	-
1957	343	-	-	-
1958	404	-	-	-
1959	395	-	-	-
1960	520	-	-	-
1961	483	-	-	-
1962	551	-	-	-
1963	639	-	-	-

3. United States

1953	3,909	-	-	-
1954	3,940	-	-	-
1955	4,294	-	-	-
1956	4,389	-	-	-
1957	4,491	-	-	-
1958	5,481	-	-	-
1959	6,579	*	59	24.3
1960	7,275	-	-	-
1961	8,860	-	-	-
1962	10,157	1	247	20.8
1963	12,579	1	259	20.0

Table 2
(Cont'd)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>4. Germany W.</u>				
1953	292	-	-	-
1954	272	-	-	-
1955	273	-	-	-
1956	272	-	-	-
1957	405	-	-	-
1958	319	-	-	-
1959	333	-	-	-
1960	329	-	-	-
1961	547	-	-	-
1962	507	1	467	34.2
1963	544	-	-	-
<u>5. Japan</u>				
1953	16	-	-	-
1954	15	-	-	-
1955	40	-	-	-
1956	66	-	-	-
1957	150	-	-	-
1958	96	-	-	-
1959	130	-	-	-
1960	220	-	-	-
1961	382	-	-	-
1962	314	-	-	-
1963	136	-	-	-

(a) Beginning in 1964, included in various statistical classes of which s.c. 706-13, 706-45 and 706-49 from part of this Appendix

Table 3

Imports: Dental instruments, equipment and parts, s.c. 706-24^(a)

Tariff Items: various (b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Duty</u> <u>Collected</u> \$	<u>Duty as</u> <u>p.c. of</u> <u>Dutiable</u> <u>Value</u>
<u>1. Total</u>				
1964	3,097	201	32,861	16.4
1965	3,687	..	..	..
1966	4,067	..	..	..
<u>2. United Kingdom</u>				
1964	80	10	986	10.4
1965	71	..	..	..
1966	37	..	..	..
<u>3. United States</u>				
1964	2,832	166	29,181	17.6
1965	3,397	..	..	..
1966	3,782	..	..	..
<u>4. Germany W.</u>				
1964	96	22	2,024	9.3
1965	120	..	..	..
1966	152	..	..	..
<u>5. Japan</u>				
1964	64	*	59	22.2
1965	76	..	..	..
1966	63	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 5532 and 9143 form part of this Appendix

(b) Including, among others, items 42300-1 and 47600-1

Table 4

Imports: Dental engines, electric, s.c. 5532^(a)

Tariff Item: 423 (42300-1)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1953	108	102	20,472	20.0
1954	82	79	15,812	20.0
1955	216	19	3,862	20.0
1956	48	*	20	22.2
1957	59	-	-	-
1958	59	-	-	-
1959	84	-	-	-
1960	26	-	-	-
1961	26	*	27	22.9
1962	9	-	-	-
1963	5	-	-	-
<u>2. United Kingdom</u>				
1953	6	-	-	-
1954	3	-	-	-
1955	8	-	-	-
1956	4	-	-	-
1957	4	-	-	-
1958	4	-	-	-
1959	2	-	-	-
1960	1	-	-	-
1961	9	-	-	-
1962	*	-	-	-
1963	-	-	-	-
<u>3. United States</u>				
1953	102	102	20,472	20.0
1954	79	79	15,812	20.0
1955	207	19	3,862	20.0
1956	43	*	20	22.2
1957	55	-	-	-
1958	55	-	-	-
1959	83	-	-	-
1960	25	-	-	-
1961	16	*	27	22.9
1962	9	-	-	-
1963	5	-	-	-

(a) Beginning in 1964 included in s.c. 706-24, which forms part of this Appendix

Table 5

Imports: Dental instruments of any material; dental chairs; dental units; dental cuspidors; and parts, s.c. 9143(a)

Tariff Items: 423 (42300-1) and 476 (47600-1)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1953	1,073	-	-	-
1954	1,129	-	-	-
1955	1,519	-	-	-
1956	1,886	-	-	-
1957	2,185	-	-	-
1958	2,996	-	-	-
1959	2,615	7	1,430	20.1
1960	2,668	3	534	18.8
1961	2,606	11	2,412	21.0
1962	2,442	5	886	17.3
1963	2,795	7	1,400	20.9
<u>2. United Kingdom</u>				
1953	66	-	-	-
1954	69	-	-	-
1955	83	-	-	-
1956	128	-	-	-
1957	128	-	-	-
1958	170	-	-	-
1959	108	1	137	10.0
1960	99	-	-	-
1961	113	1	121	10.0
1962	87	1	112	10.5
1963	115	1	225	15.0
<u>3. United States</u>				
1953	764	-	-	-
1954	818	-	-	-
1955	1,126	-	-	-
1956	1,340	-	-	-
1957	1,553	-	-	-
1958	2,300	-	-	-
1959	2,222	6	1,293	22.5
1960	2,342	3	534	18.8
1961	2,194	6	1,457	22.5
1962	2,180	4	774	19.0
1963	2,558	5	1,145	22.6

Table 5
(Cont'd)
Duty as
p.c. of
Dutiable
Value

<u>Year</u>	<u>Total Imports</u>	<u>Dutiable</u>	<u>Duty</u>	
	\$	Value	Collected	
	(000)	\$	\$	
		(000)		

4. Germany W.

1953	9	-	-	-
1954	11	-	-	-
1955	13	-	-	-
1956	10	-	-	-
1957	24	-	-	-
1958	29	-	-	-
1959	41	-	-	-
1960	56	-	-	-
1961	28	-	-	-
1962	37	-	-	-
1963	56	-	-	-

5. Japan

1953	*	-	-	-
1954	2	-	-	-
1955	2	-	-	-
1956	7	-	-	-
1957	5	-	-	-
1958	1	-	-	-
1959	1	-	-	-
1960	2	-	-	-
1961	12	-	-	-
1962	4	-	-	-
1963	4	-	-	-

(a) Beginning in 1964 included in various statistical classes, of which s.c. 706-24 forms part of this Appendix

Table 6

Imports: Hospital equipment, utensils, accessories
and parts, s.c. 706-45(a)

Tariff Items: various(b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	6,518	558	104,729	18.8
1965	7,760	..	..	..
1966	10,546	..	..	..
<u>2. United Kingdom</u>				
1964	172	19	2,165	11.1
1965	452	..	..	..
1966	327	..	..	..
<u>3. United States</u>				
1964	6,221	523	100,547	19.2
1965	7,023	..	..	..
1966	9,203	..	..	..
<u>4. Germany W.</u>				
1964	35	2	233	14.4
1965	52	..	..	..
1966	48	..	..	..
<u>5. Japan</u>				
1964	13	1	209	19.1
1965	14	..	..	..
1966	19	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 9141, 9142 and 9150 form part of this Appendix

(b) Including, among others, items 20630-1, 47600-1, 47605-1, 69605-1 and 69610-1

Table 7

Imports: Philosophical and scientific apparatus for use by institutions, hospitals and schools; materials not mentioned elsewhere for use in the manufacture of such apparatus, s.c. 9141(a)

Tariff Items: various (b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1953	4,406	-	-	-
1954	5,154	-	-	-
1955	5,706	-	-	-
1956	7,023	-	-	-
1957	7,270	-	-	-
1958	8,731	-	-	-
1959	9,155	*	54	20.1
1960	9,296	1	118	20.0
1961	10,963	1	199	19.0
1962	12,657	*	76	23.3
1963	14,702	16	3,325	21.3

2. United Kingdom

1953	262	-	-	-
1954	193	-	-	-
1955	207	-	-	-
1956	541	-	-	-
1957	286	-	-	-
1958	416	-	-	-
1959	716	-	-	-
1960	448	-	-	-
1961	468	-	-	-
1962	415	-	-	-
1963	555	-	-	-

3. United States

1953	4,080	-	-	-
1954	4,868	-	-	-
1955	5,323	-	-	-
1956	6,220	-	-	-
1957	6,719	-	-	-
1958	8,120	-	-	-
1959	8,156	*	54	20.1
1960	8,531	1	118	20.0
1961	10,095	1	199	19.0
1962	11,690	*	53	24.9
1963	13,597	16	3,325	21.3

Table 7
(Cont'd)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
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4. Germany W.

1953	33	-	-	-
1954	51	-	-	-
1955	115	-	-	-
1956	188	-	-	-
1957	87	-	-	-
1958	108	-	-	-
1959	158	-	-	-
1960	131	-	-	-
1961	235	-	-	-
1962	231	*	23	20.4
1963	289	-	-	-

5. Japan

1953	*	-	-	-
1954	2	-	-	-
1955	1	-	-	-
1956	2	-	-	-
1957	5	-	-	-
1958	1	-	-	-
1959	6	-	-	-
1960	5	-	-	-
1961	21	-	-	-
1962	35	-	-	-
1963	33	-	-	-

(a) Beginning in 1964 included in various statistical classes, of which s.c. 706-13, 706-45 and 706-49 form part of this Appendix

(b) Including, among others, items 69605-1 and 69610-1

Table 8

Imports: Operating room equipment and accessories,
for public hospitals, s.c. 9142(a)

Tariff Items: 476a (47605-1), 476b (47610-1), 476c (47615-1)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Duty</u> <u>Collected</u> \$	<u>Duty as</u> <u>s.c. of</u> <u>Dutiable</u> <u>Value</u>
<u>1. Total</u>				
1953	2,945	-	-	-
1954	3,137	-	-	-
1955	3,130	-	-	-
1956	3,896	-	-	-
1957	4,188	-	-	-
1958	4,412	-	-	-
1959	4,606	3	571	22.5
1960	4,804	-	-	-
1961	6,124	5	970	18.9
1962	6,497	6	926	14.3
1963	6,914	5	898	17.6
<u>2. United Kingdom</u>				
1953	24	-	-	-
1954	8	-	-	-
1955	33	-	-	-
1956	47	-	-	-
1957	52	-	-	-
1958	66	-	-	-
1959	64	-	-	-
1960	56	-	-	-
1961	35	-	-	-
1962	30	2	2	.1
1963	23	1	84	14.0
<u>3. United States</u>				
1953	2,901	-	-	-
1954	3,106	-	-	-
1955	3,078	-	-	-
1956	3,822	-	-	-
1957	4,101	-	-	-
1958	4,310	-	-	-
1959	4,485	3	571	22.5
1960	4,672	-	-	-
1961	6,034	5	970	18.9
1962	6,407	4	924	22.0
1963	6,799	4	814	18.1

Table 8
(Cont'd)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Duty</u> <u>Collected</u> \$	<u>Duty as</u> <u>p.c. of</u> <u>Dutiable</u> <u>Value</u>
<u>4. Germany W,</u>				
1953	161	-	-	-
1954	159	-	-	-
1955	207	-	-	-
1956	296	-	-	-
1957	354	-	-	-
1958	351	-	-	-
1959	274	-	-	-
1960	204	-	-	-
1961	264	*	10	7.7
1962	129	-	-	-
1963	86	*	30	22.2
<u>5. Japan</u>				
1953	24	-	-	-
1954	23	-	-	-
1955	30	-	-	-
1956	30	-	-	-
1957	39	-	-	-
1958	55	-	-	-
1959	1	-	-	-
1960	10	-	-	-
1961	14	-	-	-
1962	20	-	-	-
1963	18	-	-	-

(a) Prior to 1959 part of s.c. 9147 was included; beginning in 1964 included in various statistical classes, of which 706-13, 706-45 and 880-19 form part of this Appendix

Table 9

Imports: Laboratory and scientific instruments, apparatus,
equipment and parts n.e.s., s.c. 709-99(a)

Tariff Items: various(b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	17,719	3,264	518,532	15.9
1965	22,939	..	..	..
1966	28,904	..	..	..
<u>2. United Kingdom</u>				
1964	655	157	15,459	9.9
1965	1,843	..	..	..
1966	844	..	..	..
<u>3. United States</u>				
1964	15,608	2,920	475,279	16.3
1965	19,608	..	..	..
1966	26,444	..	..	..
<u>4. Germany W.</u>				
1964	589	50	7,055	14.1
1965	399	..	..	..
1966	555	..	..	..
<u>5. Japan</u>				
1964	243	32	4,998	15.9
1965	238	..	..	..
1966	149	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 9141 forms part of this Appendix

(b) Including, among others, items 44532-1, 47600-1, 69605-1 and 69610-1

Table 10

Imports: Surgical and medical supplies n.e.s., s.c. 880-19(a)

Tariff Items: various(b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	2,128	1,484	300,194	20.2
1965	2,255	..	..	..
1966	2,368	..	..	..
<u>2. United Kingdom</u>				
1964	131	87	12,036	13.9
1965	81	..	..	..
1966	72	..	..	..
<u>3. United States</u>				
1964	1,951	1,356	279,719	20.6
1965	2,041	..	..	..
1966	2,171	..	..	..
<u>4. Germany W.</u>				
1964	3	2	343	19.8
1965	19	..	..	..
1966	18	..	..	..
<u>5. Japan</u>				
1964	2	2	444	22.8
1965	14	..	..	..
1966	8	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 9142 and 9150 form part of this Appendix

(b) Including, among others, items 47600-1 and 69605-1.

Table 11

Imports: Hearing aids and parts, s.c. 880-49^(a)

Tariff Items: 48200-1 and 48205-1

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	3,003	11	2,369	20.8
1965	2,530	..	..	..
1966	2,900	..	..	..
<u>2. United Kingdom</u>				
1964	94	-	-	-
1965	59	..	..	..
1966	33	..	..	..
<u>3. United States</u>				
1964	2,496	3	749	22.3
1965	2,061	..	..	..
1966	2,439	..	..	..
<u>4. Germany W.</u>				
1964	65	-	-	-
1965	70	..	..	..
1966	71	..	..	..
<u>5. Japan</u>				
1964	5	-	-	-
1965	12	..	..	..
1966	14	..	..	..

(a) Prior to 1964 included in s.c. 9070, which forms part of this Appendix

Table 12

Imports: Hearing aids and similar appliances for deaf persons, and parts; electronic equipment and parts thereof, when used for ear-training the deaf, s.c. 9070(a)

Tariff Items: 482 (48200-1) and 482a (48205-1)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1953	1,344	-	-	-
1954	1,743	-	-	-
1955	1,746	-	-	-
1956	2,118	-	-	-
1957	2,301	-	-	-
1958	2,838	-	-	-
1959	2,750	1	224	15.0
1960	2,806	-	-	-
1961	2,816	-	-	-
1962	3,075	-	-	-
1963	3,078	-	-	-
<u>2. United Kingdom</u>				
1953	10	-	-	-
1954	11	-	-	-
1955	8	-	-	-
1956	7	-	-	-
1957	6	-	-	-
1958	38	-	-	-
1959	42	-	-	-
1960	104	-	-	-
1961	104	-	-	-
1962	153	-	-	-
1963	113	-	-	-
<u>3. United States</u>				
1953	1,333	-	-	-
1954	1,727	-	-	-
1955	1,724	-	-	-
1956	2,099	-	-	-
1957	2,281	-	-	-
1958	2,766	-	-	-
1959	2,676	1	224	15.0
1960	2,650	-	-	-
1961	2,607	-	-	-
1962	2,725	-	-	-
1963	2,604	-	-	-

Table 12
(Cont'd)

<u>Year</u>	<u>Total Imports</u> <u>Value</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Duty</u> <u>Collected</u> \$	<u>Duty as p.c.</u> <u>of Dutiable</u> <u>Value</u>
<u>4. Germany W.</u>				
1953	*	-	-	-
1954	*	-	-	-
1955	3	-	-	-
1956	3	-	-	-
1957	1	-	-	-
1958	4	-	-	-
1959	1	-	-	-
1960	22	-	-	-
1961	35	-	-	-
1962	59	-	-	-
1963	54	-	-	-

(a) Beginning in 1964 included in s.c. 880-49, which forms part of this Appendix

Table 13

Imports: Artificial limbs (prosthetic) and parts, s.c. 880-52^(a)

Tariff Items: 47805-1 and 47815-1

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Duty</u> <u>Collected</u> \$	<u>Duty as</u> <u>p.c. of</u> <u>Dutiable</u> <u>Value</u>
<u>1. Total</u>				
1964	158	1	138	24.9
1965	212	..	..	..
1966	144	..	..	..
<u>2. United Kingdom</u>				
1964	17	-	-	-
1965	18	..	..	..
1966	5	..	..	..
<u>3. United States</u>				
1964	138	1	138	24.9
1965	193	..	..	..
1966	137	..	..	..

(a) Prior to 1964 included in s.c. 9053, which forms part of this Appendix

Table 14

Imports: Artificial limbs and complete parts, and materials for,
s.c. 9053(a)

Tariff Items: 478-1 (47805-1) and 478-3 (47815-1)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)	<u>Total Imports</u> \$ (000)	<u>Dutiable</u> <u>Value</u> \$ (000)
	<u>1. Total</u>		<u>2. United Kingdom</u>	
1953	116	-	9	-
1954	113	-	11	-
1955	116	-	11	-
1956	127	-	10	-
1957	123	-	10	-
1958	119	-	7	-
1959	135	-	11	-
1960	156	-	18	-
1961	209	-	41	-
1962	210	-	26	-
1963	188	-	24	-
	<u>3. United States</u>		<u>4. Germany W.</u>	
1953	106	-	1	-
1954	101	-	1	-
1955	103	-	1	-
1956	116	-	1	-
1957	110	-	2	-
1958	110	-	2	-
1959	124	-	1	-
1960	138	-	1	-
1961	166	-	2	-
1962	184	-	1	-
1963	160	-	4	-

(a) Beginning in 1964 included in s.c. 880-52, which forms part of this Appendix

Table 15

Imports: Orthopaedic appliances and parts n.e.s., s.c. 880-59^(a)

Tariff Items: various^(b)

<u>Year</u>	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$	<u>Duty as p.c. of Dutiable Value</u>
<u>1. Total</u>				
1964	793	119	25,216	21.2
1965	1,062	..	..	..
1966	1,381	..	..	..
<u>2. United Kingdom</u>				
1964	26	3	440	13.0
1965	41	..	..	..
1966	43	..	..	..
<u>3. United States</u>				
1964	757	110	23,759	21.6
1965	1,007	..	..	..
1966	1,308	..	..	..
<u>4. Germany W.</u>				
1964	8	5	912	19.9
1965	13	..	..	..
1966	19	..	..	..
<u>5. Japan</u>				
1964	3	*	34	12.3
1965	1	..	..	..
1966	5	..	..	..

(a) Prior to 1964 included in various statistical classes, of which s.c. 9150 forms part of this Appendix

(b) Including, among others, items 47805-1, 47810-1, 47815-1, 48000-1 and 48100-1

Table 16

Imports: Tariff Item 46200-1 (Philosophical, photographic, mathematical and optical instruments, n.o.p., as specified)

	<u>Total Imports</u>	<u>Dutiable Value</u>	<u>Duty Collected</u>
	\$	\$	\$
	(000)	(000)	(000)
<u>1. Total</u>			
1965 Oct. to Dec.	3,145	3,142	457
1966	11,843	11,830	1,706
1967 Jan. to Nov.	13,719	13,709	1,967
<u>2. United Kingdom</u>			
1965 Oct. to Dec.	97	96	3
1966	520	516	14
1967 Jan. to Nov.	697	697	19
<u>3. United States</u>			
1965 Oct. to Dec.	1,929	1,928	288
1966	7,325	7,320	1,096
1967 Jan. to Nov.	8,618	8,608	1,287
<u>4. Germany, W.</u>			
1965 Oct. to Dec.	233	233	35
1966	1,064	1,059	159
1967 Jan. to Nov.	1,197	1,197	179
<u>5. Japan</u>			
1965 Oct. to Dec.	679	679	101
1966	2,256	2,256	338
1967 Jan. to Nov.	2,568	2,568	385
<u>6. Sweden</u>			
1965 Oct. to Dec.	40	40	6
1966	117	117	18
1967 Jan. to Nov.	150	150	23
<u>7. Hong Kong</u>			
1965 Oct. to Dec.	51	51	8
1966	209	209	31
1967 Jan. to Nov.	89	89	13
<u>8. Switzerland</u>			
1965 Oct. to Dec.	19	19	3
1966	105	105	16
1967 Jan. to Nov.	83	83	12

Source: D.B.S. Tariff Item Summary (unpublished)

Table 17

Imports: Tariff Item 47600-1 (Surgical and dental instruments and related goods)

	<u>Total Imports</u>	<u>Dutiable Value</u>	<u>Duty Collected</u>
	\$ (000)	\$ (000)	\$ (000)
<u>1. Total</u>			
1965 Oct. to Dec.	10,122	1	*
1966	45,804	4	*
1967 Jan. to Nov.	52,517	6	1
<u>2. United Kingdom</u>			
1965 Oct. to Dec.	743	-	-
1966	2,952	-	-
1967 Jan. to Nov.	2,798	-	-
<u>3. United States</u>			
1965 Oct. to Dec.	7,428	1	*
1966	33,617	4	*
1967 Jan. to Nov.	37,444	6	1
<u>4. Germany W.</u>			
1965 Oct. to Dec.	565	-	-
1966	3,139	-	-
1967 Jan. to Nov.	3,401	-	-
<u>5. Japan</u>			
1965 Oct. to Dec.	200	-	-
1966	1,034	-	-
1967 Jan. to Nov.	1,263	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Table 18

Imports: Tariff Item 47605-1 (Glassware, scientific apparatus and other specified goods for public hospitals)

	<u>Total Imports</u>	<u>Dutiable Value</u>	<u>Duty Collected</u>
	\$ (000)	\$ (000)	\$ (000)
	<u>1. Total</u>		
1965 Oct. to Dec.	841	*	*
1966	3,238	1	*
1967 Jan. to Nov.	3,525	-	-
	<u>2. United Kingdom</u>		
1965 Oct. to Dec.	7	-	-
1966	21	-	-
1967 Jan. to Nov.	30	-	-
	<u>3. United States</u>		
1965 Oct. to Dec.	826	*	*
1966	3,170	1	*
1967 Jan. to Nov.	3,437	-	-
	<u>4. Germany W.</u>		
1965 Oct. to Dec.	8	-	-
1966	31	-	-
1967 Jan. to Nov.	47	-	-
	<u>5. Japan</u>		
1965 Oct. to Dec.	1	-	-
1966	12	-	-
1967 Jan. to Nov.	6	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Table 19

Imports: Tariff Item 47610-1 (Surgical suction apparatus and
operating room lights, for public hospitals)

	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$ (000)
<u>1. Total</u>			
1965 Oct. to Dec.	115	-	-
1966	371	-	-
1967 Jan. to Nov.	513	-	-
<u>2. United Kingdom</u>			
1965 Oct. to Dec.	-	-	-
1966	2	-	-
1967 Jan. to Nov.	2	-	-
<u>3. United States</u>			
1965 Oct. to Dec.	110	-	-
1966	368	-	-
1967 Jan. to Nov.	500	-	-
<u>4. Germany W.</u>			
1965 Oct. to Dec.	-	-	-
1966	1	-	-
1967 Jan. to Nov.	2	-	-
<u>5. Japan</u>			
1965 Oct. to Dec.	1	-	-
1966	-	-	-
1967 Jan. to Nov.	1	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Table 20

Imports: Tariff Item 69605-1 (Philosophical and scientific apparatus and other goods, as specified)

	<u>Total Imports</u>	<u>Dutiable Value</u>	<u>Duty Collected</u>
	\$ (000)	\$ (000)	\$ (000)
<u>1. Total</u>			
1965 Oct. to Dec.	14,973	61	*
1966	67,847	17	2
1967 Jan. to Nov.	86,508	4	1
<u>2. United Kingdom</u>			
1965 Oct. to Dec.	1,211	7	*
1966	1,713	1	*
1967 Jan. to Nov.	2,456	-	-
<u>3. United States</u>			
1965 Oct. to Dec.	12,789	53	*
1966	61,528	14	2
1967 Jan. to Nov.	78,191	2	1
<u>4. Germany W.</u>			
1965 Oct. to Dec.	226	-	-
1966	373	-	-
1967 Jan. to Nov.	1,704	-	-
<u>5. Japan</u>			
1965 Oct. to Dec.	125	-	-
1966	344	-	-
1967 Jan. to Nov.	730	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Table 21

Imports: Tariff Item 69610-1 (Materials and articles for the manufacture of the goods specified in tariff item 69605-1)

	<u>Total Imports</u>	<u>Dutiable Value</u>	<u>Duty Collected</u>
	\$ (000)	\$ (000)	\$ (000)
	<u>1. Total</u>		
1965 Oct. to Dec.	327	-	-
1966	1,257	1	1
1967 Jan. to Nov.	1,404	-	-
	<u>2. United Kingdom</u>		
1965 Oct. to Dec.	70	-	-
1966	11	-	-
1967 Jan. to Nov.	23	-	-
	<u>3. United States</u>		
1965 Oct. to Dec.	256	-	-
1966	1,238	1	1
1967 Jan. to Nov.	1,364	-	-
	<u>4. Germany W.</u>		
1965 Oct. to Dec.	1	-	-
1966	6	-	-
1967 Jan. to Nov.	1	-	-
	<u>5. Japan</u>		
1965 Oct. to Dec.	-	-	-
1966	-	-	-
1967 Jan. to Nov.	6	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Table 22

Imports: Tariff Item 69625-1 (Sound recording for use in the study of languages; for libraries, or any society as specified)

	<u>Total Imports</u> \$ (000)	<u>Dutiable Value</u> \$ (000)	<u>Duty Collected</u> \$ (000)
	<u>1. Total</u>		
1965 Oct. to Dec.	32	1	*
1966	143	-	-
1967 Jan. to Nov.	186	-	-
	<u>2. United Kingdom</u>		
1965 Oct. to Dec.	1	-	-
1966	4	-	-
1967 Jan. to Nov.	6	-	-
	<u>3. United States</u>		
1965 Oct. to Dec.	27	1	*
1966	119	-	-
1967 Jan. to Nov.	152	-	-
	<u>4. France</u>		
1965 Oct. to Dec.	4	-	-
1966	15	-	-
1967 Jan. to Nov.	18	-	-

Source: D.B.S. Tariff Item Summary (unpublished)

Imports in 1966, from All Countries and from the U.S.A., under tariff item 69605-1, classified by import statistical division; and imports in the same divisions under all tariff items

	Import Classes Included In Division (a) No.	Imports from All Countries		Imports from the U.S.A.	
		Tariff		Tariff	
		Item	All Tariff Items	Item	All Tariff Items
		69605-1		69605-1	
			- thousands of dollars -		
Measuring, laboratory, medical and optical equipment	31	44,551	217,511	41,033	188,189
Communication and related equipment	37	3,633	253,409	3,409	193,673
Office machines and equipment, (including computers)	9	3,427	146,222	2,808	112,646
Heating, air-conditioning and refrigeration equipment	16	2,466	48,209	2,465	46,345
Photographic equipment and materials	23	2,448	102,103	2,240	79,369
Special industrial machinery	64	2,042	402,813	1,016	319,404
Inorganic and organic chemicals and related products	37	1,929	102,945	1,892	79,376
Medicinal and pharmaceutical products	17	1,411	38,391	1,284	22,631
All other import statistical divisions	375	5,940	2,956,372	5,381	2,484,629
Total, all import statistical divisions	609	67,847	4,267,975	61,528	3,526,262

(a) Numbers shown are the number of import classes, in each specified division, in which there were some imports in 1966 under tariff item 69605-1

Source: Tariff Board Survey

SECTION II - SHIPMENTS STATISTICS

Table 24

Value of Shipments by Canadian Manufacturers of Specified
Goods Related to Reference 134(a)

Products	<u>1957</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
			-	thousands of dollars				
<u>Shipments of "Instruments and Related Products Manufacturers"</u>								
Temperature and hygrometric instruments and accessories	8,797	14,408	13,367	14,937	14,878	20,049	23,642	28,164
Pressure measuring instruments, gauges and accessories	1,602	1,586	1,897	2,380	4,272	4,144	3,413	4,059
Flow and liquid level instruments and accessories	1,617	1,988	2,635	2,984	1,940	2,034	2,567	3,188
Mechanical motion, rotation, timing and cycle instruments	1,277	1,848	1,344	1,450	2,056	372	489	412
Combination instruments; and indicating, recording and controlling instruments and accessories, except clocks, n.o.p.	6,413	6,032	7,277	7,528	9,001	9,566	12,389	12,407
Dental, engineering, medical, surgical, and optical instruments and apparatus	104	1,183	1,524	1,656	1,394	1,863	2,012	1,704
Other scientific and professional equipment, including photographic equipment, aircraft instruments, geophysical instruments, and control valves	47,469	54,998	60,742	80,320	91,694	96,415	102,158	92,067

Table 24
(Cont'd)

<u>Products</u>	<u>1957</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
			-	thousands	of dollars	-		
<u>Shipments of "Ophthalmic Goods Manufacturers"</u>								
Spectacles, complete	1,104	1,356	1,682	2,380	13,203	14,088	14,527	14,533
Other ophthalmic equipment, including separate frames or lenses	5,279	6,108	5,160	5,124	6,695	7,775	9,035	10,070
<u>Shipments of "Orthopaedic and Surgical Appliance Manufacturers"</u>								
Artificial limbs	331	384	448	435	476	553	584	577
Orthopaedic braces	297	324	347	367	355	360	436	468
Supports	734	717	519	120	756	820	889	920

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All other appliances, including crutches,
wheel chairs, traction kits, trusses,
and foot appliances

(a) It is estimated that by far the largest part of these shipments are for uses or to users not directly relevant to this Reference

Source: D.B.S. Cat. Nos. 47-205 and 47-206

APPENDIX II

TARIFF HISTORY

- I TARIFF ITEMS REFERRED TO THE BOARD
- II TARIFF ITEMS CLOSELY RELATED TO THE BOARD'S
RECOMMENDED ITEMS

TARIFF HISTORY

I

Tariff Item 46200-1 (GATT) - Previously 462*

Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing

1948, January 1 (GATT)	2½ p.c.	15 p.c.	
1937, February 26	7½ p.c.	25 p.c.	30 p.c.
1936, May 2	15 p.c.	25 p.c.	30 p.c.

Prior to May 2, 1936 the item also provided for tape lines of any material which were subsequently classified under tariff item 431e.

1930, May 2	15 p.c.	25 p.c.	30 p.c.
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Prior to May 2, 1930 the item was numbered 657 and worded as follows:- Magic lanterns and slides therefor, philosophical, photographic, mathematical and optical instruments, n.o.p., cyclometers and pedometers, and tape lines of any material.

Speedometers, although not specifically provided for by the above wording, were allowed entry under the item prior to May 2, 1930.

Parts were provided for prior to May 2, 1930 according to their nature under various tariff items.

1906, November 30	17½ p.c.	22½ p.c.	25 p.c.
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Tariff Item 47605-1 - Previously 476a

Glassware and other scientific apparatus for laboratory work in public hospitals; chairs and tables for surgical operating purposes and parts thereof; infant incubators and parts thereof; infant and patient identification tapes and ribbons of any material; infant identification bead sets including cases, and parts thereof; electrocardiographs and parts thereof, and sensitized film and paper for use therein; electroencephalographic paper; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing nor laundry machines; all for the use of any public hospital, under such regulations as the Minister may prescribe

1954, April 7	Free	Free	Free
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* This item was referred to the Board only "in so far as it relates to philosophical instruments"

Tariff Item 47605-1 - Previously 476a (Cont'd)

Prior to April 7, 1954 the item did not provide for "infant and patient identification tapes and ribbons of any material". These goods were dutiable according to material of chief component, under a variety of tariff items.

1953, February 20	Free	Free	Free
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(a) Prior to February 20, 1953 the item did not provide for electroencephalographic paper, which was classified under tariff item 199.

(b) Prior to February 20, 1953 the item also provided for complete parts of chairs and tables for surgical operating purposes, infant incubators and electrocardiographs, and integral parts of infant identification bead sets.

1941, April 30	Free	Free	Free
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Prior to April 30, 1941 the item did not provide for infant identification bead sets including cases, and integral parts thereof. The bead sets were previously classified according to material, e.g. if manufactured of glass, under tariff item 326a. The cases were previously classified according to their nature, e.g. if fancy cases, under tariff item 623.

1936, May 2	Free	Free	Free
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Prior to May 2, 1936 the item did not provide for infant incubators and complete parts thereof; electrocardiographs and complete parts thereof, and sensitized film and paper for use therein; chairs for surgical operating purposes.

Infant incubators were previously classified according to their nature, e.g. if electrically operated, under tariff item 445k. Electrocardiographs were previously classified under tariff item 476 or 696. Films for electrocardiographs were dutiable under tariff item 187. Chairs for surgical operating purposes (if in the nature of surgical operating tables) were allowed under the item; otherwise they were classified according to their nature.

1933, March 22	Free	Free	Free
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Prior to March 22, 1933 the item did not provide for complete parts of surgical operating tables; these goods were previously classified according to their nature under various tariff items.

1932, October 13	Free	Free	Free
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Prior to October 13, 1932 the item did not provide for surgical operating tables. These goods were classified under tariff item 476.

Tariff Item 47605-1 - Previously 476a (Cont'd)

1930, May 2	Free	Free	Free
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Prior to May 2, 1930 the item was numbered 466a and worded as follows:- Glassware and other scientific apparatus for laboratory work in public hospitals, also apparatus for sterilizing purposes, not including washing or laundry machines, all articles in this item when imported in good faith for the use and by order of any public hospital.

Bedpan washers and sterilizers were previously classified according to their nature.

1913, May 13	Free	Free	Free
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Tariff Item 47610-1 - Previously 476b

Surgical suction apparatus including motive power; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under such regulations as the Minister may prescribe

1956, March 21	Free	Free	Free
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Prior to March 21, 1956 the item also provided for prepared surgical sutures. These goods were subsequently classified under tariff item 476c.

1944, June 27	Free	Free	Free
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(a) Prior to June 27, 1944 the item did not provide for prepared surgical sutures. Sutures, other than of catgut were previously classified according to nature and material.

(b) Prior to June 27, 1944 the item also provided for prepared surgical catgut and ethyl chloride. Sutures of catgut continued to be admitted under the item. Ethyl chloride was subsequently classified under tariff item 476c.

1931, June 2	Free	Free	Free
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(a) Prior to June 2, 1931 the item did not provide for ethylene, which was classified under tariff item 711 as unenumerated.

(b) Prior to June 2, 1931 the provision for operating room lights included the words "canopy or pedestal".

1930, September 17	Free	Free	Free
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Tariff Item 47610-1 - Previously 476b (Cont'd)

Prior to September 17, 1930 the item was as follows:-
Surgical suction apparatus including motive power; prepared surgical catgut; chloroform; ethyl chloride; canopy or pedestal operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under regulations prescribed by the Minister

1930, May 2

Free

Free

Free

Prior to May 2, 1930 surgical suction apparatus was classified under tariff item 466a; prepared surgical catgut was classified under tariff item 711 as unenumerated; chloroform was dutiable under tariff item 219. Ethyl chloride (in metal tubes) was previously classified under tariff item 362; not in tubes or in glass tubes under tariff item 711 as unenumerated. Canopy or pedestal operating room lights were previously classified under tariff item 435.

Tariff Item 69605-1 - Previously 696(1)

Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations; video tape recordings; stencils and cards specially designed for the preparation of library index cards; cases as models; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and rootstock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. See articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale or for rental under such regulations as the Minister may prescribe

1963, June 14

Free

Free

Free

Prior to June 14, 1963 the item did not provide for video tape recordings nor for stencils and cards, specially designed for the preparation of library index cards. Video tape recordings were previously classified under tariff items 658, 658a and 658c. Stencils were previously classified under tariff item 199c, cards under 181 or 199.

1954, April 7

Free

Free

Free

Prior to April 7, 1954 the wording of the item excluded the words "or for rental".

Tariff Item 69605-1 - Previously 696(1) (Cont'd)

1953, February 20	Free	Free	Free
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Prior to February 20, 1953 the item did not provide for ancillary equipment to philosophical and scientific apparatus nor for parts of the goods listed. These goods were classified according to their nature under a variety of tariff items.

1952, April 9	Free	Free	Free
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Prior to April 9, 1952 the item did not provide for living plants, seeds, cuttings, buds, scions, tubers, bulbs and rootstock. These goods were previously classified according to their nature under a variety of tariff items.

1939, April 26	Free	Free	Free
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(a) Prior to April 26, 1939 the item did not provide for charts nor for other pictorial illustrations. Lithographic prints or charts were previously provided for under the item. Other charts, and pictorial illustrations were previously classified under tariff item 177.

(b) Prior to April 26, 1939 the item also provided for etchings as well as for lithographic prints or charts.

1935, March 23	Free	Free	Free
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Prior to March 23, 1935 the wording of the item included the phrase "specially imported in good faith". Animals as research or experimental subjects were not provided for under the item prior to this date; these were classified under various tariff items regularly applicable.

1929, March 2	Free	Free	Free
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(a) Prior to March 2, 1929 the item did not provide for mechanical equipment of a class or kind not made in Canada. These goods were classified mainly under tariff item 453, viz.:— Telephone and telegraph instruments, electric and galvanic batteries, electric motors, dynamos, generators, sockets, insulators of all kinds; electric apparatus, n.o.p.; boilers, n.o.p.; and all machinery composed wholly or in part of iron or steel, n.o.p.; and iron or steel castings, and iron or steel integral parts of all machinery specified in this item.

(b) Prior to March 2, 1929 public hospitals were not listed among the end users benefiting under the item. Goods for public hospitals were previously classified according to their nature under various tariff items.

1906, November 30	Free	Free	Free
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Tariff Item 69605-1 - Previously 696(1) (Cont'd)

Prior to November 30, 1906 the item was numbered 462 and worded as follows:- Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same, of a class or kind not manufactured in Canada, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use or by order of any college, academy, school or seminary of learning in Canada, and not for sale, subject to such regulations as the Minister of Customs prescribes.

It may be noted that the provisions of this item, in one form or another, go back at least to 1847 in the Statutes of the Province of Canada. At the time the provision, under the Table of Exemptions from customs duty was:

"Philosophical Apparatus, Instruments, Books, Maps, Stationery, Busts, and Casts of Marble, Bronze, Alabaster or Plaster of Paris, Paintings, Drawings, Engravings, Etchings, specimens of Sculptures, Cabinets of Coins, Medals, Gems, and all other collections of Antiquities, provided the same be specially imported in good faith for the use of any Society incorporated or established for Philosophical or Literary pursuits, or for the encouragement of Fine Arts, or for the use or by the order of any University, College, Academy, School or Seminary of Learning within this Province."

Tariff Item 69610-1 - Previously 696(2)

Materials and articles for the manufacture of the goods specified in tariff item 69605-1.

1953, February 20

Free

Free

Free

TARIFF HISTORY

II

Tariff Item 47600-1 (GATT) - Previously 476

Surgical and dental instruments of any material; surgical needles; clinical thermometers and cases therefor; x-ray apparatus and x-ray film; microscopes valued at not less than fifty dollars each, retail; complete parts of the foregoing; electric light lamps designed for use with the foregoing

1955, April 6	Free	Free	Free
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Prior to April 6, 1955, the item did not provide specifically for x-ray film, nor for electric light lamps designed for use with the products listed under the item. X-ray films were previously admitted under the item as x-ray apparatus. Electric light lamps were previously dutiable under tariff item 445b, viz.: Electric arc lamps and incandescent electric light lamps, n.o.p.

1948, May 19	Free	Free	Free
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Prior to May 19, 1948 the item did not provide specifically for clinical thermometers and cases therefor. Clinical thermometers were previously admitted under the item; cases were dutiable according to their nature under various tariff items.

1948, January 1 (GATT)		Free	
1939, April 26	Free	Free	Free

Prior to April 26, 1939 the item was as follows:

- (i) Surgical instruments of any material and complete parts thereof
- | | | | |
|--|------|------|------|
| | Free | Free | Free |
|--|------|------|------|
- (ii) Dental instruments of any material; surgical needles; x-ray apparatus; microscopes valued at not less than 50 dollars each, retail; complete parts of all the foregoing

	Free	10 p.c.	10 p.c.
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1937, February 26	Free	10 p.c.	10 p.c.
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Prior to February 26, 1937 the item was as follows:- Surgical and dental instruments of any material; surgical needles; x-ray apparatus; microscopes valued at not less than \$50 each, by retail; and complete parts of all the foregoing.

1932, October 13	Free	Free	Free
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Prior to October 13, 1932 the item also provided for surgical operating tables for use in hospitals. These goods were subsequently classified under tariff item 476a (see history of tariff item 47605-1).

Tariff Item 47600-1 (GATT) - Previously 476 (Cont'd)

1930, May 2	Free	Free	Free
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Prior to May 2, 1930 the item was numbered 466 and worded as follows:

Surgical and dental instruments of metal; surgical needles; x-ray apparatus and parts thereof; surgical operating tables for use in hospitals; and microscopes valued at not less than \$50 each by retail.

Surgical and dental instruments of other than metal were classified according to their nature under various tariff items.

Tariff Item 47805-1 - Previously 478(1)

Artificial limbs; spinal and other orthopedic braces; parts of the foregoing

1953, February 20	Free	Free	Free
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Prior to February 20, 1953 the item was numbered 478.

1952, April 19	Free	Free	Free
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Prior to April 19, 1952 the item did not provide for spinal and other orthopedic braces. These goods were dutiable according to component material of chief value.

1930, May 2	Free	Free	Free
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Introduced as tariff item 478 as follows:

Artificial limbs, and complete parts thereof. Prior to May 2, 1930 these goods were provided for in tariff item 688, viz.:-
Artificial limbs, and parts thereof; artificial teeth, not mounted.

Tariff Item 47810-1 - Previously 478(2)

Aural, nasal, mastectomy and other medical or surgical prostheses; materials for use in reconstructive surgery; ileostomy, colostomy and urinary appliances designed to be worn by an individual; materials and articles required therewith for proper application and maintenance

1963, June 14	Free	Free	Free
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Prior to June 14, 1963 the item did not provide for other medical and surgical prostheses, nor for materials for use in reconstructive surgery. These goods were previously dutiable under various tariff items, mainly according to component material of chief value.

Tariff Item 47810-1 - Previously 478(2) (Cont'd)

1956, March 21	Free	Free	Free
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Prior to March 21, 1956 the item did not provide for mastectomy prostheses. These goods were previously dutiable according to component material of chief value.

1953, February 20	Free	Free	Free
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Tariff Item 47815-1 - Previously 478(3)

Materials and articles for use in the manufacture of the goods enumerated in tariff items 47805-1 and 47810-1

1953, February 20	Free	Free	Free
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Tariff Item 47900-1 - Previously 479

Orthopedic highchairs and parts thereof

1959, April 10	Free	Free	Free
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Tariff Item 48000-1 - Previously 480

Crutches or specially constructed staffs for cripples

1930, May 2	Free	Free	Free
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Prior to May 2, 1930 the goods were provided for in tariff item 506a, viz.:-
Crutches or specially constructed staffs for a cripple.

Tariff Item 48005-1 - Previously 480a

Invalid chairs, with wheels; invalid chairs, designed to be used with wheels; parts of the foregoing including motive power and wheel assemblies and parts thereof

1954, April 7	Free	10 p.c.	15 p.c.
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Prior to April 7, 1954 the item did not provide for invalid chairs, designed to be used with wheels, nor for wheel assemblies. When imported separately, chairs and wheels were not admitted previously under the item but were dutiable at higher rates under other tariff items.

1950, March 29	Free	10 p.c.	15 p.c.
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Prior to March 29, 1950 the item was worded as follows:
Invalid wheel chairs, with or without motive power, and parts thereof.

Tariff Item 48005-1 - Previously 480a (Cont'd)

1948, May 19	Free	10 p.c.	15 p.c.
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Prior to May 19, 1948 wheelchairs were dutiable under tariff item 438a at higher rates.

Tariff Item 48100-1 - Previously 481

Specially constructed boot or appliance made to order for a person having a crippled or deformed foot or ankle

1930, May 2	Free	Free	Free
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Prior to May 2, 1930 the item was numbered 611b and worded the same way.

Tariff Item 48105-1 - Previously 481a

Individual pairs of boots or shoes for defective or abnormal feet, when purchased on the written order of a registered medical practitioner

1955, April 6	Free	Free	40 p.c.
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Tariff Item 48600-1 - Previously 486

Artificial larynx, for use in restoring speech

1933, March 22	Free	Free	Free
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Prior to March 22, 1933 the goods were classified according to material and finish under various tariff items.

Tariff Item 69625-1 - Previously 696c

Sound recordings specially made for use in the study of languages; (GATT)

Sound recordings for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns;

Sound recordings for the use and by order of any society or institution incorporated or established solely for religious purposes, and not for sale or rental;

Under such regulations as the Minister may prescribe

1958, June 18	Free	Free	Free
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Prior to June 18, 1958 the item was as follows:-
Phonograph records for bona fide libraries, and being the property of the organized authorities of such libraries and not in any case the property of individuals or business concerns, under such regulations as the Minister may prescribe.

Sound recordings for religious institutions were previously provided for free of duty under tariff item 696d.

Cylinders or records specially made for use in the study of languages were previously classified under tariff item 597a(4).

1948, May 19

Free

Free

Free

Prior to May 19, 1948 phonograph records for bona fide libraries were dutiable under tariff item 597a viz.:-

(2) Phonographs, graphophones, gramophones and finished parts thereof, n.o.p., including cylinders and records therefor.

1948, January 1 (GATT)

Free

Cylinders or records specially made for use in the study of languages.

APPENDIX IIILIST OF REPRESENTATIONS AND ATTENDANCE

The following representations include not only those received for the public hearing but also others, many of which came to the Board after the public hearing. Also included are the names of those who registered attendance at the public hearing but who did not express a specific interest.

The nature of the representations is indicated in the tabulation in the following manner:

- (1) Submission for the public hearing and attendance at the hearing;
 - (1)(a) Submission, but no attendance at the hearing;
 - (1)(b) Submission withdrawn;
- (2) Interest expressed after the public hearing;
- (3) Attendance and comment at the public hearing, without a formal submission;
- (4) Supported a submission.

LIST OF REPRESENTATIONS AND ATTENDANCE

I Hospital, Medical and Rehabilitation Equipment

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Abbott Laboratories Limited	Montreal, Que.	(2)	Importer	Intravenous solutions; disposable administration sets	20625-1; 20630-1; 47600-1	24
American Optical Company Canada Limited	Belleville, Ont.	(1)	Importer	Ophthalmic chairs and stands		51
Associated Dentists Cooperative Limited	Toronto, Ont.	(2)	User	Dental equipment and materials		57
Association of Dental Technicians of the Province of Quebec	Montreal, Que.	(4)	User	Dental equipment and materials		57
Association of Dental Technicians of the Province of Saskatchewan	Saskatoon, Sask.	(4)	User	Dental equipment and materials		57
Austenal Canada Ltd.	Guelph, Ont.	(2)	Importer	Wheel chairs		41
Barnstead Still and Sterilizer Company	Boston, Mass., U.S.A.	(1)	U.S. Exporter	Tin-lined brass pure water distribution system	69605-1	39

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Baxter Laboratories of Canada Limited	Alliston, Ont.	(1)	Producer	Intravenous solutions; disposable administration sets	20625-1; 20630-1; 47600-1	24
David R. Beattie Limited	Port Credit, Ont.	(2)	Producer	RF Shielded Enclosures	69605-1	41
Becton, Dickinson & Company Canada Limited	Clarkson, Ont.	(1)	Producer	Disposable needles; plastic laboratory dishes	20630-1; 47600-1; 47605-1; 69605-1	28
Canadian Association of Optometrists	Ottawa, Ont.	(4)	User	Ophthalmic chairs and stands		54
Canadian Chiropractic Association	Toronto, Ont.	(1)	User	Chiropractic adjusting tables		54
Canadian Hospital Association	Toronto, Ont.	(2)	User	Goods for hospitals	47605-1; 47610-1; 69605-1	19 140
Canadian Medical Association	Toronto, Ont.	(1)	User	Rehabilitation equipment		19
Canadian Physiotherapy Association	Toronto, Ont.	(1)	User	Physiotherapy equipment	69605-1	55

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Canadian Surgical Dressings Industry (on behalf of 4 companies only:		(1)	Producer	Surgical adhesive tapes; incontinence pads		32 47
Kendall Company (Canada) Limited; Johnson & Johnson Limited; Smith & Nephew Ltd.; Texpack Limited	Toronto, Ont. Montreal, Que. Lachine, Que. Brantford, Ont.					
Canadian Surgical Trade Association	Toronto, Ont.	(1)	Importer	Surgical-medical supplies	47605-1; 47610-1; 69605-1	22
Canadian Textile Institute	Montreal, Que.	(3)	Producer	Surgical supports (stockings)		35
College of Optometrists of the Province of Quebec	Montreal, Que.	(4)	User	Ophthalmic chairs and stands		53
College of Optometry of Ontario	Toronto, Ont.	(4)	User	Ophthalmic chairs and stands		53
Colson (Canada) Limited	Cooksville, Ont.	(1)	Importer	Wheel chairs	69605-1	41
Convertors Incorporated	Newark, New Jersey, U.S.A.	(1)	U.S. Exporter	Paper surgical drapes		36
Dr. J.F. Cooney	Toronto, Ont.	(2)	User	Equipment for dental practitioners		58

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Cutter Laboratories International	Calgary, Alta.	(2)	Importer	Intravenous solutions	20625-1	24
Dental Laboratories Association of Ontario	Toronto, Ont.	(1)(a)	User	Dental equipment and materials		56
Dentor Enterprises Ltd.	Toronto, Ont.	(2)	Importer	Unitest System (medical testing instruments)		58
Everest & Jennings Canadian Ltd.	Toronto, Ont.	(2)	Producer	Wheel chairs	48005-1	41
Grover Transitubes of Canada Limited	Downsview, Ont.	(1)	Importer	Pneumatic tube systems and components	69605-1; 69610-1	40
B.C. Hollingshead Co.	Toronto, Ont.	(2)	Importer	Restraint, fracture and rehabilitation equipment		38
Dr. T.E. Hunt, Head of Department of Rehabilitation Medicine of the University Hospital, University of Saskatchewan	Saskatoon, Sask.	(4)	User	Jobst supports		35
Imperial Optical Company Limited	Toronto, Ont.	(2)	Producer	Ophthalmic chairs and stands		51

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Ingram & Bell Limited	Toronto, Ont.	(1)(b)	Importer	Surgical-medical supplies	47605-1; 47610-1; 69605-1	24
Jelco Laboratories Company Ltd.	Toronto, Ont.	(2)	Importer	Disposable syringes and needles	47600-1	31
The Jobst Institute, Inc.	Toledo, Ohio, U.S.A.	(1)	U.S. Exporter	Jobst supports		33
Keenan Woodenware Limited	Owen Sound, Ont.	(2)	Producer	Wooden crutches	48000-1	45
Kendall Company (Canada) Limited	Toronto, Ont.	(1)	Producer	Surgical elastic stockings		33
Manitoba Dental Laboratories Owners Association	Winnipeg, Man.	(4)	User	Dental equipment and materials		57
McFarlane Gendron Manufacturing Company Limited	Toronto, Ont.	(2)	Producer	Wheel chairs	48005-1	41
Minnesota Mining and Manufacturing of Canada Limited	London, Ont.	(1)	Importer	Surgical adhesive tapes		32 36
Montreal Laryngectomy Group	Montreal, Que.	(1)	User	Articles to acquire and develop oesophageal speech	48600-1	48

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
New Brunswick Dental Technicians Association	Lancaster, N.B.	(4)	User	Dental equipment and materials		57
Nova Scotia Dental Technicians Association	Halifax, N.S.	(4)	User	Dental equipment and materials		57
Red Comet Associates Limited	Montreal, Que.	(2)	Importer	Hospital-surgical emergency power conversion unit	47600-1	40
Sierracin Corporation	Sylmar, Calif., U.S.A.	(2)	U.S. Exporter	Cradle Warmer (incubator)	47605-1	39
Standard Surgical Supply Ltd.	Calgary, Alta.	(2)	Importer	Intravenous solutions; disposable administration sets	20625-1; 20630-1; 47600-1	25
Stryker Corporation (Canadian Division)	Cooksville, Ont.	(1)	Importer	Stryker Turning Frame	69605-1	38
X-Ray and Radium Limited	Don Mills, Ont.	(2)	Importer	Diagnostic and therapy equipment	47605-1; 47610-1; 69605-1	39

LIST OF REPRESENTATIONS AND ATTENDANCE

II Educational, Scientific and Related Equipment

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
American Radio Relay League, Inc. (Canadian Division), with the support of:	Burlington, Ont.	(1)	User	Amateur radio equipment		91
Amateur Radio League of Alberta	Calgary, Alta.	(4)	User	Amateur radio equipment		92
B.C. Section of the Canadian Division of the American Radio Relay League, Inc.	Vancouver, B.C.	(4)	User	Amateur radio equipment		92
Canadian Electronic Wholesalers Association	Toronto, Ont.	(4)	Importer	Amateur radio equipment		92
Calgary Amateur Radio Association	Calgary, Alta.	(4)	User	Amateur radio equipment		92
Cowichan Valley Radio Club	Duncan, B.C.	(4)	User	Amateur radio equipment		92
Halifax Amateur Radio Club	Halifax, N.S.	(4)	User	Amateur radio equipment		92
Kamloops Amateur Radio Club	Kamloops, B.C.	(4)	User	Amateur radio equipment		92

Name	Address	Nature of Represent- ation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Montreal Amateur Radio Club, Inc.	Montreal, Que.	(4)	User	Amateur radio equipment		92
Northern Alberta Radio Club	Edmonton, Alta.	(4)	User	Amateur radio equipment		92
Nova Scotia Amateur Radio Association	Armdale, N.S.	(4)	User	Amateur radio equipment		92
Radio Amateur de Quebec, Inc.	Quebec, Que.	(4)	User	Amateur radio equipment		92
Royal City Amateur Radio Association	New Westminster, B.C.	(4)	User	Amateur radio equipment		92
Vancouver Amateur Radio Club	Vancouver, B.C.	(4)	User	Amateur radio equipment		92
Victoria Short Wave Club	Victoria, B.C.	(4)	User	Amateur radio equipment		92
Association of Universities and Colleges of Canada (formerly: Canadian Universities Founda- tion)	Ottawa, Ont.	(1)	User	Articles and equipment for teaching and research	69605-1	94
Board of Education for the Town- ship of Scarborough	Scarborough, Ont.	(2)	User	Articles and equipment for use in education	69605-1	98

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Board of School Trustees, School District No. 59 (Peace River South)	Dawson Creek, B.C.	(4)	User	Articles for educational purposes	69605-1	98
Brett-Guard Corporation	Bergenfield, New Jersey, U.S.A.	(1)(a)	U.S. Exporter	Saw safety tool	69605-1	89
Canadian Association of Broadcasters	Ottawa, Ont.	(1)	Importer	Filmed or video-taped religious programs	69605-1; 69625-1	70
Canadian Film Archives	Ottawa, Ont.	(4)	User	Motion picture films	69605-1	69
Canadian Laboratory Supplies Limited	Toronto, Ont.	(1)	Importer	Laboratory supplies	32648-1; 44532-1; 69605-1	84
Canadian Library Association	Ottawa, Ont.	(1)(a)	User	Various articles for use by public libraries	17315-1; 69605-1	65
Canadian Refrigeration and Air Conditioning Association	Toronto, Ont.	(1)	Producer	Environmental control equipment	69605-1	75
Canadian School Trustees Association	Woodstock, Ont.	(1)(a)	User	Library books, maps, and educational supplies		94
Canadian Teachers' Federation	Ottawa, Ont.	(1)(a)	User	Musical instruments	69605-1	94

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Carpenters and Joiners Local 494	Windsor, Ont.	(2)	User	Blue prints for instructional purposes	17200-1; 69605-1	94
Central Scientific Company of Canada Limited	Toronto, Ont.	(2)	Importer	Laboratory supplies		84
La Cinematheque canadienne	Montreal, Que.	(1)	User	Motion picture films	69605-1	67
Coldstream Refrigerator Manufacturing Limited	Winnipeg, Man.	(2)	Producer	Environmental control equipment	69605-1	77
Controlled Environments Ltd.	Winnipeg, Man.	(1)(a)	Producer	Environmental control equipment	69605-1	75
Council of the Canadian Museums Association		(4)	User	Museum cases		90
Daystrom Limited	Cooksville, Ont.	(4)	Importer	Amateur radio equipment		93
Delta Electronics Limited	Rexdale, Ont.	(2)	Producer	Amateur radio equipment		92
Digital Equipment of Canada Ltd.	Carleton Place, Ont.	(1)(b)	Importer	Electronic equipment for research purposes	69605-1	90

Name	Address	Nature of Represent- ation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Dominion Glass Company Limited	Montreal, Que.	(3)	Producer	Glassware		83
Eddie Black's Limited	Don Mills, Ont.	(1)	Producer	Audio-visual tables		61
Edwards of Canada Limited	Owen Sound, Ont.	(2)	Producer	Electronic equip- ment for schools	69605-1	75
James Fehr	Vancouver, B.C.	(1)(a)	Importer	Fish nets for research purposes	69605-1	87
Fisher Scientific Co., Limited	Don Mills, Ont.	(1)	Importer	Laboratory supplies	44532-1; 69605-1	84
Glass Manufacturers Federation of the United Kingdom	London, England	(1)(a)	U.K. Exporter	Laboratory glass- ware	47605-1; 69605-1	80
Henderson Regional Library	Winnipeg, Man.	(1)(a)	User	Magazines for libraries	17315-1; 69605-1	66
Hotpack (Canada) Ltd.	Waterloo, Ont.	(1)	Producer	Environmental control equipment	69605-1	75
Jack Hood School Supplies Co. Ltd.	Stratford, Ont.	(2)	Importer	School supplies		93
Kewaunee Technical Furniture Co.	Statesville, North Carolina, U.S.A.	(2)	U.S. Exporter	Museum cases		90
London Public Library and Art Museum	London, Ont.	(4)	User	Various articles for use by public libraries	17315-1; 69605-1	66

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Manitoba Library Association	Winnipeg, Man.	(4)	User	Various articles for use by public libraries	17315-1; 69605-1	66
Mardi Gras Distributing Corp.	Montreal, Que.	(1)	Importer	Plastic reed organ		101
Martin Photo (1961) Ltd.	Winnipeg, Man.	(1)(a)	Producer	Rear projection screens		61
Medicine Hat Separate School District No. 21	Medicine Hat, Alta.	(2)	User	Educational supplies	69605-1	98
National Audio-Visual Association of Canada	Vancouver, B.C.	(1)	Importer	Audio-visual aids for education	69605-1	64
National Film Board	Montreal, Que.	(4)	User	Motion picture films	69605-1	69
Precision Glass Company Ltd., and Preforma Ltd.	Toronto, Ont.	(1)(a)	Producer	Laboratory glassware	47605-1; 69605-1	80
Schulmerich Carillons, Inc.	Sellersville, Penn., U.S.A.	(1)	U.S. Exporter	Hand bells		100
Stark Electronic Instruments Limited	Ajax, Ont.	(1)	Producer	Electronic teaching aids	69605-1	70
Sudbury Public School Board	Sudbury Ont.	(4)	User	Articles and equipment for educational purposes	69605-1	98

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
TEKLAD Incorporated	Monmouth, Illinois, U.S.A.	(1)(b)	U.S. Exporter	Animal feed	69605-1	88
Trojan Manufacturing Ltd.	Calgary, Alta.	(2)	Importer	"Music Board"		102
Tumbling Sales and Service Ltd.	Hamilton, Ont.	(2)	Importer	Industrial "Air-brasive" units		87
University of Manitoba	Winnipeg, Man.	(1)	User	Articles and equipment for teaching and research	69605-1	94
West Kildonan Public Library	Winnipeg, Man.	(4)	User	Various articles for use by public libraries	17315-1; 69605-1	66
Williams Gold Refining Company of Canada Ltd.	Fort Erie, Ont.	(2)	Importer	Scientific instruments	69605-1	93
H. Wilson Corporation	Chicago, Illinois, U.S.A.	(1)(a)	U.S. Exporter	Audio-visual products for educational purposes	69605-1	61
Windsor Public Library	Windsor, Ont.	(4)	User	Various articles for use by public libraries	17315-1; 69605-1	66

Name	Address	Nature of Represent- ation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Winnipeg Public Library	Winnipeg, Man.	(1)(a)	User	Various articles for use by public libraries	17315-1; 69605-1	65
Winnipeg School Division No. 1	Winnipeg, Man.	(4)	User	Articles and equipment for teaching and research	69605-1	98

LIST OF REPRESENTATIONS AND ATTENDANCE

III Commercial Research and Development Equipment

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Air Industries Association of Canada	Ottawa, Ont.	(1)	User	Equipment for R & D	42701-1; 42720-1; 44532-1	107
Bio-Research Laboratories Ltd.	Pointe Claire, Que.	(2)	User	Research equipment		111
Canadian Pulp and Paper Association	Montreal, Que.	(1)	User	Equipment for R & D	44524-1; 44532-1; 46200-1	105
Canadian Testing Association (formerly: The Association of Canadian Commercial Testing Laboratories and Consultants)	Toronto, Ont.	(1)	User	Research and testing equipment	44524-1; 44532-1	111
Pharmaceutical Manufacturers Association of Canada	Montreal, Que.	(1) (a)	User	Equipment, apparatus, drugs, chemicals and materials of a class or kind not made in Canada	42720-1; 44532-1; 20839-1; 46200-1; 47600-1; 71100-1	109
Testing Machines International of Canada Limited	Montreal, Que.	(1) (a)	Importer	Equipment for research and testing	42701-1; 44524-1; 44532-1; 46200-1	113

LIST OF REPRESENTATIONS AND ATTENDANCE

IV General Manufacturing Interests

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
The British Drug Houses (Canada) Ltd.	Toronto, Ont.	(2)	Producer	Solutions, stable dry reagents for hospitals	69605-1	129
Canadian Chemical Producers' Association	Montreal, Que.	(1)	Producer	Ethylene; chemical preparations	47610-1; 69605-1	127
Canadian Electrical Manufacturers Association	Toronto, Ont.	(1)	Producer	Electrical apparatus and equipment for hospital and educational use	69605-1; 69610-1	121
Canadian Kodak Co. Limited	Toronto, Ont.	(1) (a)	Producer	Products of a class or kind made in Canada	69605-1	128
Canadian Manufacturers Association	Toronto, Ont.	(1)	Producer	Manufactured articles for hospitals and education	47605-1; 69605-1	118
Electronic Industries Association of Canada	Toronto, Ont.	(1)	Producer	Electronic equipment and components	69605-1; 69610-1	124
Graphic Arts Industries Association	Ottawa, Ont.	(1)	User	Printing machinery	69605-1	119

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Industrial Instrument Manufacturers Association	Toronto, Ont.	(1)	Producer	Industrial instruments	47605-1; 47610-1; 69605-1; 69610-1	125
Valley City Manufacturing Company Limited	Dundas, Ont.	(2)	Producer	Laboratory fume hoods	69605-1	129

LIST OF REPRESENTATIONS AND ATTENDANCE

V Other Representations

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Foster Parents' Plan	Montreal, Que	(2)	User	Motion picture films, slides, to promote charity work	69605-1	132
Independent Order of Odd Fellows	Port Arthur, Ont.	(1)	User	Books of ceremonies, regalia and jewels	17100-1; 17200-1; 57800-1; 64700-1	131
The Ontario Humane Society	Toronto, Ont.	(2)	User	Electrothanators	44524-1	132

LIST OF ATTENDANCE

VI Attendance at Public Hearing Without Expression of Specific Interest in Any of the Above Categories

Name	Address	Nature of Representation	Nature of prime interest	Type of goods of prime interest	Tariff item(s) of prime interest	Page of Report
Bausch and Lomb Optical Company Limited	Toronto, Ont.					
British Trade Commission in Canada	Ottawa, Ont.					
Canadian Westinghouse Company Limited	Hamilton, Ont.					
Du Pont of Canada Limited	Montreal, Que.					
Imperial Oil Limited	Toronto, Ont.					
Industrie et Commerce, Ministère de l'	Montreal, Que.					
Industry, Department of	Ottawa, Ont.					
Liquid Carbonic Canadian Corp. Limited	Montreal, Que.					
National Revenue, Department of	Ottawa, Ont.					
Union Carbide Canada Limited	Toronto, Ont.					
Zimmer of Canada Limited	Weston, Ont.					

APPENDIX IV

REHABILITATION PRODUCTS OF INTEREST TO THE CANADIAN
MEDICAL ASSOCIATION, AND THE PRINCIPAL RELEVANT TARIFF ITEMS

Appendix IVRehabilitation products of interest to the Canadian Medical Association, and the principal relevant tariff items

	<u>Tariff</u> <u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1. <u>Wheelchairs and accessories</u>				
Wheelchairs, motorized or not, and parts	48005-1	Free	10 p.c.	15 p.c.
Wheelchairs, motorized only, and parts for specified users	69605-1	Free	Free	Free
Accessories	Various			
2. <u>Car driving equipment</u>				
a) Manual controls of a class or kind not made in Canada	43806-1	Free	Free	30 p.c.
of a class or kind made in Canada	43807-1	Free	17½ p.c.	30 p.c.
b) Other equipment for manu- ally controlled driving:				
seat belts	43829-1	Free	25 p.c.	35 p.c.
hand-operated light dimmer switch	43829-1	Free	25 p.c.	35 p.c.
direction indicator etc.	43829-1	Free	25 p.c.	35 p.c.
c) Hydraulic or electric lifters	42720-1	Free	7½ p.c.	35 p.c.
3. <u>Incontinence equipment</u>				
a) Incontinence pads (withdrawn)				
b) Plastic or rubber pants for adults				
plastic pants	90800-1	15 p.c.	20 p.c.	30 p.c.
rubber pants	61905-1	22½ p.c.	27½ p.c.	35 p.c.
rayon tricot pants, lined	56805-1	20 p.c.	35 p.c.	55 p.c.
c) Retention catheters	47600-1	Free	Free	Free
d) Urinary collection devices, leg bags and acces- sories	47810-1	Free	Free	Free
4. <u>Ambulatory aids and equipment</u>				
a) Walkers with or without crutch or balance ring attachments				
aluminum	35400-1	15 p.c.	22½ p.c.	30 p.c.
steel	44603-1	10 p.c.	22½ p.c.	35 p.c.
b) Crutches and canes (adjustable, telescopic, folding, with or without rubber tips or ice-grips, etc.)				

4. b) Cont'd.

	<u>Tariff</u> <u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
crutches	48000-1	Free	Free	Free
canes	51100-6	20 p.c.	20 p.c.	35 p.c.
accessories				
rubber tips	61800-1	15 p.c.	20 p.c.	27½ p.c.
ice-grips (of steel)	44603-1	10 p.c.	22½ p.c.	35 p.c.

5. Special artificial limbs

a) Artificial limb components and parts (hydraulic or knee-joint, plastic cosmetic gloves, artificial hands, etc.)	47815-1	Free	Free	Free
b) Electric or carbon dioxide muscles and motors, electrodes, transistors, transducers and terminal devices	47805-1 47815-1	Free Free	Free Free	Free Free

6. Self-help devices

a) Bathroom devices and safety aids:				
elevated and other special toilet seats	28900-1	12½ p.c.	22½ p.c.	35 p.c.
non-skid material for flooring and in bathtubs	61900-1	17½ p.c.	20 p.c.	35 p.c.
wall grab-bars and bathtub safety)				
bars)	35400-1	15 p.c.	22½ p.c.	30 p.c.
bath seats)	44603-1	10 p.c.	22½ p.c.	35 p.c.
shower benches and chairs)	50600-1	17½ p.c.	20 p.c.	25 p.c.
folding and non-folding, over-toilet and/or bedside commode chair & accessories				
with wheels	48005-1	Free	10 p.c.	15 p.c.
without wheels	51902-1	15 p.c.	25 p.c.	45 p.c.
b) Bedroom equipment & aids:				
electric or hydraulic patient lifters, their components, parts and accessories	42720-1	Free	7½ p.c.	35 p.c.
for specified users	69605-1	Free	Free	Free
alternating pressure mattress, components and parts				
mattress	90800-1	15 p.c.	20 p.c.	30 p.c.
air pump	42720-1	Free	7½ p.c.	35 p.c.
oscillating beds				
overhead bars)	35400-1	15 p.c.	22½ p.c.	30 p.c.
overbed table with wheels)	44603-1	10 p.c.	22½ p.c.	35 p.c.

6. Cont'd.

	<u>Tariff</u> <u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
c) Eating, writing, reading and dressing devices and aids:				
feeders of all types)	35400-1	15 p.c.	22½ p.c.	30 p.c.
(non-powered))	44603-1	10 p.c.	22½ p.c.	35 p.c.
special eating utensils				
knives	42904-1	Free	20 p.c.	30 p.c.
spoons	42905-1	15 p.c.	25 p.c.	35 p.c.
drinking cups (plastic)	90800-1	15 p.c.	20 p.c.	30 p.c.
special writing devices and components				
electric typewriters and	41400-1	Free	20 p.c.	25 p.c.
components, parts	41405-1	Free	7½ p.c.	25 p.c.
powered book-page turners	42720-1	Free	7½ p.c.	35 p.c.
for specified users	69605-1	Free	Free	Free
ceiling projectors for reading	46300-1	Free	15 p.c.	25 p.c.
for specified users	69605-1	Free	Free	Free
prismatic glasses	32700-1	20 p.c.	20 p.c.	30 p.c.
equipment to perform activities of daily living				
brushes)	65300-1	15 p.c.	25 p.c.	40 p.c.
shoe horns)	35400-1	15 p.c.	22½ p.c.	30 p.c.
reaching tongs)	44603-1	10 p.c.	22½ p.c.	35 p.c.
stocking holders)	50600-1	17½ p.c.	20 p.c.	25 p.c.
grooming aids,)	90800-1	15 p.c.	20 p.c.	30 p.c.
etc.)				

7. Miscellaneous supplies &
materials

a) Elastic, nylon, rubber, dacron materials and articles:				
materials, if woven	56205-1	22½ p.c.	30 p.c.+ 20¢/lb.	45 p.c.+ 40¢/lb.
	56206-1	25 p.c.	27½ p.c.	55 p.c.
if braided	56510-1	20 p.c.	25 p.c.	40 p.c.
if knitted	56805-1	20 p.c.	35 p.c.	55 p.c.
sleeves and leotards (Jobst)	56300-1	20 p.c.	27½ p.c.	50 p.c.
socks and stockings	56821-1	17½ p.c.	17½ p.c.	35 p.c.
			+ 75¢/12 pairs	+ \$1.50/12 pairs
b) Special shoe laces and fasteners)	54305-1	25 p.c.	25 p.c.	35 p.c.
)	56300-1	20 p.c.	27½ p.c.	50 p.c.
c) Wearing apparel for)				
crutch and wheel-)	54305-1	25 p.c.	25 p.c.	35 p.c.
chair users)	56300-1	20 p.c.	27½ p.c.	50 p.c.
if knitted	56805-1	20 p.c.	35 p.c.	55 p.c.

APPENDIX V

SELECTED 1966 IMPORTS,

BY TARIFF ITEMS

BROADLY RELEVANT TO REFERENCE 134

Selected 1966 Imports, by Tariff Items
Broadly Relevant to Reference 134

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports		
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources (\$,000)	All Countries Duty Collected (\$,000)
Group 1: Tariff Items Specifically Assigned Under the Terms of Reference 134						
(a)						
46200-1	Philosophical, photographic, mathematical and optical instruments, n.o.p.	2½	15	546	11,297	7,325
47605-1	Glassware, scientific apparatus, etc., for public hospitals	Free	Free	21	3,217	3,170
47610-1	Specified hospital apparatus and equipment not made in Canada	Free	Free	2	369	368
69605-1	Scientific apparatus, mechanical equipment not made, for selected institutions	Free	Free	1,741	66,094	61,528
69610-1	Materials and articles for manufacture of goods in 69605-1	Free	Free	11	1,246	1,238
Group 1 Total:		-	-	2,321	82,223	73,629
Total of items, Free, M.F.N.		-	-	1,775	70,926	66,304
						84,556
						72,713
						1,709
						3

(a) Referred with respect only to the word "philosophical"

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports			Duty Collected (\$'000)
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources (\$'000)	All Countries	
20500-1	Specified medicinal roots (aconite, digitalis, etc.)	Free	Free	-	22	5 22	-
20605-1	Sera and antisera, toxins and anti-toxins, insulin, etc.	Free	Free	85	1,543	1,334	*
20615-1	Blood plasma and serum of human origin	Free	Free	12	441	182	-
20620-1	Materials and articles, except alcohol, for the manufacture of the goods specified in items 20605-1, 20610-1 and 20615-1	Free	Free	-	39	39	-
20625-1	Dextrose and levulose solutions, for administration in therapy	Free	Free	-	1,117	1,115	-
20630-1	Containers, etc., for collection and administration of blood	Free	Free	39	1,671	928	-
20635-1	Materials for use in manufacture of goods in 20630-1	Free	Free	-	4	4	-
20640-1	Animal glands, etc., imported by pharmaceutical manufacturers	Free	Free	9	120	114	-
21925-1	Chloroform, ethyl chloride, for anaesthetic purposes	Free	Free	-	13	11	*
21930-1	Sulphuric ether, chloroform n.o.p., anaesthetic preparations	Free	20	-	823	821	161

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports			Duty Collected (\$,000)
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources	U.S.A. (\$,000)	
Group 2: (Cont'd)							
22001-1	Compounded medicinal preparations (specified) n.o.p., dry	17½	20	2,316	6,808	5,536	1,711
22001-2	Sulfamethylthiadiazole in tablet form	12½	12½	1	53	52	11
22002-1	Preparations as in 22001-1, but in specified liquid form	17½	20	179	2,762	2,595	.580
22003-1	Preparations as in 22001-1, but in form not covered therein, or in 22002-1	25	25	4	254	121	78
22010-1	Specified dietary preparations, for treatment of phenylketonuria	Free	Free	-	56	56	*
23600-1	Specified surgical dressings; surgical trusses; sanitary napkins	10	20	167	445	387	106
23605-1	Sputum cups and refills therefor	Free	17½	-	-	-	-
23610-1	Specified surgical bandages and slabs	10	10	-	6	6	1
32618-1	Artificial eyes for human use	Free	Free	1	3	3	-
40500-1	Springs, iron or steel, imported by makers of surgical trusses	Free	Free	-	2	2	-
42300-1	Dental chairs; dental units, dental cuspidors; and parts	Free	Free	8	1,571	1,486	*
42305-1	Chiropody chairs and parts	Free	Free	1	22	21	*
47600-1	Surgical and dental instruments; related named goods	Free	Free	3,472	42,151	33,617	*
47615-1	Prepared surgical sutures, not made in Canada	Free	Free	127	3,149	3,137	-
47620-1	Gloves, etc., for X-ray operators	Free	Free	-	26	25	-

Tariff Item	Summary Description of Goods	Rates of Duty				Duty Collected (\$'000)	
		1966 Imports		All Countries			
		B.P. Sources	M.F.N. Sources (\$'000)				
Group 2: (Cont'd)							
47700-1	Containers, etc., for vaccines, etc., imported by manufacturers	Free	Free	-	370	369	370
47805-1	Artificial limbs, etc., and parts	Free	Free	5	183	176	188
47810-1	Aural, nasal, and other prostheses and surgical materials	Free	Free	25	970	959	995
47815-1	Materials, etc., for making goods in 47805-1 and 47810-1	Free	Free	13	126	122	139
47900-1	Orthopedic high chairs and parts	Free	Free	-	3	-	3
48000-1	Crutches and staffs for cripples	Free	Free	-	43	42	43
48005-1	Invalid chairs, with wheels, and parts	Free	10	6	307	306	313
48100-1	Specially constructed boots, etc., made to order	Free	Free	-	-	-	-
48105-1	Individual footwear for defective feet, on prescription	Free	Free	-	2	2	2
48200-1	Hearing aids, etc., and parts, for the deaf	Free	Free	30	3,356	2,966	3,386
48205-1	Materials for making, repairing, goods in 48200-1	Free	Free	4	431	397	435
48600-1	Artificial larynx, for restoring speech	Free	Free	-	3	3	3
68800-1	Artificial teeth, not mounted	Free	Free	18	1,313	982	1,331
69630-1	Articles designed for training retarded children	Free	Free	-	5	5	5
69635-1	Apparatus for heating poliomyelitis hot-packs	Free	Free	-	3	3	3

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports			Duty Collected (\$,000)
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources	U.S.A. Countries (\$,000)	
<u>Group 2: (Cont'd)</u>							
69800-1	Articles designed for the blind	Free	Free	115	48	28	-
Group 2 Total:				6,637	70,264	57,957	2,678
Total of items Free, M.F.N.				3,964	58,806	48,133	-
<u>Group 3:</u> Selected Tariff Items Relevant to Scientific Instruments and Apparatus							
43125-1	Specified machinists' precision tools, measuring instruments	Free	9	810	5,015	4,447	468
43130-1	Specified engineers', surveyors' and draftsmen's precision instruments	Free	9	229	3,067	1,263	283
43145-1	Hydraulic meters, gauges, indicators and recorders, not made in Canada	Free	12½	23	1,295	1,205	161
43150-1	Geophysical surveying precision instruments, not made	Free	Free	389	7,585	7,532	*
43155-1	Photogrammetric instruments, not made	Free	5	14	505	103	26
44532-1	Precision electrical meters and gauges, for specified uses, not made	Free	7½	3,317	28,756	26,646	2,151
Group 3 Total:		-	-	4,782	46,223	41,196	3,089
Total of items Free, M.F.N.		-	-	389	7,585	7,532	-

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports				Duty Collected (\$,000)
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources	U.S.A. Countries (\$,000)	All Countries	
Group 4: Selected Tariff Items Relevant to the Advancement of Learning and Literature, and to the Promotion of the Fine Arts								
16900-1	Novels or works of fiction	Free	10	5	412	412	417	41
17000-1	Books or periodicals, in other than English language	Free	Free	73	6,780	435	6,853	1
17100-1	Printed books or periodicals, n.o.p.	Free	10	5,035	17,335	17,195	22,370	1,727
17200-1	Books and pamphlets for the promotion of arts and science	Free	Free	1,255	30,007	29,250	31,262	2
17305-1	Books in the curriculum of any univer- sity or school in Canada	Free	Free	151	14,612	14,456	14,763	*
17310-1	Books, pamphlets and cards used in intelligence testing	Free	Free	6	1,098	1,009	1,104	-
17315-1	All books for bona fide libraries	Free	Free	710	4,047	3,543	4,757	-
17320-1	Books in single copies to reviewers and faculty members of universities or colleges	Free	Free	-	4	4	4	-
17325-1	Directories for free reference libraries	Free	Free	-	1	1	1	-
17330-1	Books, subject to return, from foreign libraries	Free	Free	-	-	-	-	-
17335-1	Parts for use in the manufacture of books entitled to enter under T.I. 17305-1	Free	Free	-	95	94	95	-
18000-1	Photographs, paintings, engravings, etc., n.o.p.	12½	20	150	2,847	2,675	2,997	587

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports			Duty Collected (\$'000)	
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources (\$'000)	U.S.A. Countries		All Countries
Group 4: (Cont'd)								
18200-1	Printed music, bound or in sheets	5	7½	20	424	444	33	
47520-1	Printing plates and film for production of books on curricula	Free	Free	-	92	92	-	
59600-1	Materials and parts for pianos and organs	Free	Free	97	281	378	*	
59605-1	Steel wire for piano strings	10	10	-	21	21	2	
59705-1(a)	Pianofortes and organs, n.o.p.	20	22½	51	4,527	4,580	1,026	
59710-1	Pipe organs	15	15	6	165	171	27	
59715-1	Pipe organ parts	Free	15	36	229	265	35	
59720-1(a)	Parts of pianofortes, parts of organs, n.o.p.	Free	20	85	802	887	160	
59725-1(a)	Musical instruments of all kinds	15	17½	107	3,425	3,539	614	
59725-2	Mouth organs	7½	7½	8	82	93	9	
59735-1(a)	Mechanical piano and organ players	15	20	-	4	4	1	
59745-1(a)	Accordions	2½	2½	-	851	856	23	
59750-1	Strings for musical instruments	10	15	5	319	325	49	
59755-1	Musical instruments, autoharps, violins, xylophones, etc. and parts	Free	Free	86	1,097	1,190	3	
59805-1(a)	Brass band instruments, class not made in Canada	Free	17½	209	969	1,179	170	
59810-1	Brass band instruments, n.o.p.	Free	20	36	37	73	8	

(a) Rates before implementation of changes resulting from G.A.T.T. negotiations

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports				Duty Collected (\$'000)
		B.P.		M.F.N.		All Countries		
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources	U.S.A. (\$'000)		
Group 4: (Cont'd)								
59815-1(a)	Bagpipes and parts thereof	Free	25	-	27	27	27	-
59820-1(a)	Parts used in making brass band instruments	Free	17½	-	8	1	8	1
69305-1	Articles imported for exhibition in universities, museums and libraries	Free	Free	109	367	348	476	-
69310-1	Antique violins, violas, etc.	Free	Free	13	40	37	53	-
69500-1	Paintings in oil, valued at less than \$20.00 each, n.o.p.	15	22½	4	92	23	96	15
69505-1	Paintings and drawings, valued at more than \$20.00 each	Free	Free	619	5,281	3,284	5,905	1
69515-1	Original sculptures and statuary, valued at over \$75.00	Free	Free	129	960	533	1,089	-
69520-1	Engravings, etchings, etc. printed prior to 1900	Free	Free	26	154	99	180	-
69615-1	Sound recordings of an international educational character	Free	Free	85	2,374	2,233	2,459	*
69625-1	Sound recordings for libraries, or for the study of languages	Free	Free	4	139	119	143	-
69700-1	Geographical, topographical and astronomical globes	Free	Free	7	389	381	396	-
69900-1	Botanical specimens, models and wall diagrams for illustrating natural history	Free	Free	19	212	187	232	-

(a) Rates before implementation of changes resulting from G.A.T.T. negotiations

Tariff Item	Summary Description of Goods	Rates of Duty		1966 Imports		Duty Collected (\$'000)
		B.P.	M.F.N. (%)	B.P. Sources	M.F.N. Sources U.S.A. (\$'000)		All Countries
<u>Group 4: (Cont'd)</u>						
	Group 4 Total:	-	-	9,146	100,606	109,784
	Total of items Free, M.F.N.	-	-	3,389	68,030	71,432
						4,535
						7
<u>Group 5: Selected Tariff Items Relevant to the Promotion of Religion</u>						
16305-1	Specified wines for sacramental purposes	(62.5 cents per gal.)		1	85	86
17210-1	Prayer books, missals, etc	Free	Free	67	578	645
30620-1	Ornamental marble, not produced in Canada, for the interior of churches	Free	Free	6	40	46
35205-1	Bells, for use of churches only	Free	Free	8	51	59
35210-1	Bells, and specified related equipment, churches only	Free	Free	1	208	209
56400-1	Church vestments, shawls, fringes, etc.	10	10	5	73	78
69105-1	Named religious articles: incensers, rosaries, crosses, etc.	Free	Free	20	992	1,014
69110-1	Material for manufacture of goods in 69105-1	Free	Free	-	5	5
69115-1	Communion wafers or unleavened bread for sacramental purposes	Free	Free	-	18	18
	Group 5 Total:	-	-	108	2,050	2,160
	Total of items Free, M.F.N.	-	-	102	1,892	1,996
						37
						1

		1966 Imports			Duty Collected (\$'000)
		B.P. Sources	M.F.N. Sources	U.S.A. Countries	
			(\$'000)		
<u>Recapitulation, Five Listed Groups:</u>					
Group 1,	Items Assigned in Reference : All tariff items	2,321	82,223	73,629	1,709
	Items, Free, M.F.N.	1,775	70,926	66,304	3
Group 2,	Items Relevant to Healing : All tariff items	6,637	70,264	57,957	2,678
	Items, Free, M.F.N.	3,964	58,806	48,133	-
Group 3,	Items Relevant to Scientific Instruments : All tariff items	4,782	46,223	41,196	3,089
	Items, Free, M.F.N.	389	7,585	7,532	-
Group 4,	Items Relevant to Learning and Fine Arts : All tariff items	9,146	100,606	84,300	4,535
	Items, Free, M.F.N.	3,389	68,030	56,854	7
Group 5,	Items Relevant to Religion : All tariff items	108	2,050	971	37
	Items, Free, M.F.N.	102	1,892	893	1
Total, Five Groups	All tariff items	22,994	301,366	258,053	12,048
	Items, Free, M.F.N.	9,619	207,239	179,716	11

Imports in 1966 Under Tariff Items Proposed for Deletion
in the Recommended Schedule(a)

<u>Tariff Item</u>	<u>Summary Description of Goods</u>	<u>Imports from:</u>	
		<u>U.S.A.</u>	<u>All Countries</u>
		(\$'000)	
47600-1	Surgical and dental instruments	33,617	45,804
47605-1	Scientific apparatus, for hospitals	3,170	3,238
47610-1	Apparatus for hospitals, not made	368	371
47805-1	Artificial limbs, and parts	176	188
47810-1	Specified surgical prostheses	959	995
47815-1	Materials, etc. for goods of 47805-1 and 47815-1	122	139
47900-1	Orthopedic high chairs	-	3
48000-1	Crutches, etc., for cripples	42	43
48005-1	Invalid chairs, and parts	306	313
48100-1	Made to order boot or appliance	-	-
48105-1	Footwear for abnormal feet, prescribed	2	2
48600-1	Artificial larynx	3	3
69605-1	Specified goods for specified institutions		
69610-1	Materials, etc., for goods of 69605-1	61,528	67,847
69625-1	Sound recordings, specified uses	1,238	1,257
		119	143

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(a) It is believed that all goods now entered under these items would be admissible under one or another of the Recommended Items

Source: D.B.S. Tariff Item Summary (unpublished)



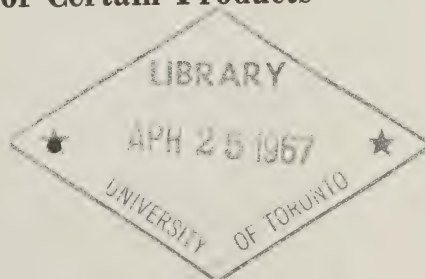
CANADA

Report by

THE TARIFF BOARD

Relative to the Inquiry Ordered
by the Minister of Finance
respecting

Cotton Yarns and Rovings, for Use in the
Manufacture of Certain Products



Reference No. 135



Report by
THE TARIFF BOARD

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by the Minister of Finance
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**Cotton Yarns and Rovings, for Use in the
Manufacture of Certain Products**

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Reference No. 135

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1967

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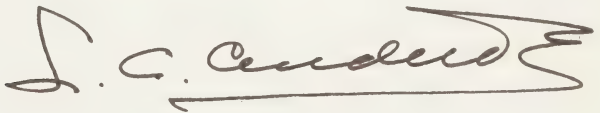
The Honourable Mitchell Sharp, P.C., M.P.
Minister of Finance
Ottawa

Dear Mr. Sharp:

I refer to Mr. Gordon's letter of April 16, 1964, in which he requested the Tariff Board to conduct an inquiry respecting cotton yarns and rovings imported for use in the manufacture of certain products.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to cotton yarns and rovings, for use in the manufacture of certain products, in English and in French. A copy of the transcript of the proceedings at the public hearings accompanies this Report.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "J. G. Audet", followed by a long horizontal flourish line.

Chairman

Explanation of Symbols Used

- Denotes zero or none reported
- .. Indicates that figures are not available
- * In statistical tables, indicates a reported figure which disappears on rounding, or is negligible
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes a Dominion Bureau of Statistics import or export statistical class
- (p. --) Denotes a page from the transcript of proceedings at the public hearing unless the context clearly indicates another cited reference

The sum of the figures in a table may differ from the total, owing to rounding

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Ottawa, April 16, 1964

L.C. Audette, Esq., Q.C.
Chairman
The Tariff Board
Ottawa

Dear Mr. Audette:

Tariff item 521 provides inter alia for cotton yarns and rovings imported for use in the manufacture of a number of specified products. For several years there has been controversy regarding the interpretation of the word "manufacture" for the purposes of this item, particularly in respect of what operations should be performed or what percentage of value should be added in order to constitute the "manufacture" of cotton sewing thread.

It is considered desirable that this issue be resolved in the light of a full examination of the relevant facts by the Tariff Board, taking account of any developments which may have occurred since 1959.

I, therefore, direct the Tariff Board to make a study and report under Section 4(2) of the Tariff Board Act on parts (2), (3) and (4) of item 521 in Schedule "A" of the Customs Tariff.

If the Board's study should indicate that amendments to the Customs Tariff are desirable, I would request the Board to submit its recommendations both as to wordings and rates of duty.

Yours sincerely,

W.L. GORDON

Date of Public Hearing
and
List of Companies and Associations
Which Made Representations

A public hearing before the Board was held at Ottawa on October 12, 13, 14, 15 and 18, 1965.

* Alba Threads Limited	Montreal, Quebec
Allied Threads and Supplies Limited	Montreal, Quebec
Belding-Corticelli Limited	Montreal, Quebec
British Spinners' and Doublers' Association	Manchester, England
Canadian Sewing Supply Limited	Montreal, Quebec
Canadian Textiles Institute	Montreal, Quebec
* Clix Fasteners Corporation	Verdun, Quebec
Cotton Board of the United Kingdom	Manchester, England
* English Sewing Cotton Company Limited	Manchester, England
* Gibraltar Thread Works	Toronto, Ontario
J. & P. Coats (Canada) Limited	Montreal, Quebec
* J. & P. Coats Limited	Glasgow, Scotland
Kay Thread Company Limited	Montreal, Quebec
Montreal Swiss Embroidery Works Limited	Montreal, Quebec
* Quebec Threads Incorporated	Montreal, Quebec
Reliable Threads Limited	Montreal, Quebec
Schiffli Embroidery Manufacturers Association of Canada	Montreal, Quebec
The Bell Thread Company Limited	Hamilton, Ontario
The Nalpac Company	Montreal, Quebec
The National Thread Limited.	Sherbrooke, Quebec

* Not represented at the public hearing

COTTON YARNS FOR SEWING THREADIntroduction

This study relates to cotton yarns imported for use in the manufacture of cotton sewing thread, Schiffli embroidery thread, and some crochet, knitting, darning and embroidery cottons, as well as some yarns and threads used in the manufacture of levers' lace; it does not cover finished cotton sewing thread. The chief interest of many of the companies was with the rates of duty to be applied to the yarns at different stages of processing.

The Minister, in his letter of reference to the Board, noted that controversy had existed for several years concerning what operations and what percentage of value added constituted "manufacture" in the production of cotton sewing thread. Also, the Minister requested the Board to take into account any developments which may have occurred since 1959.

The main issues concerned the manufacture of cotton sewing thread; these are dealt with first in the following section of the report. A presentation of the interests concerning Schiffli embroidery thread, yarns and threads for the manufacture of crochet, knitting, darning, embroidery cottons and levers' lace then follows.

The Manufacture of Cotton Sewing Thread⁽¹⁾

The manufacture of cotton sewing thread involves many operations. No company in Canada carries out all of the operations, nor do the companies all carry out the same processes. It was around the differences in the processing activities performed that the principal issue concerning the rates of duty arose.

The following is a very brief outline of the principal stages in the manufacture of cotton sewing thread. Elaboration is given for some of the processes in the subsequent section dealing with cost of manufacture.

The terms "yarn" and "thread" are not used with precisely the same meaning throughout the trade, nor is the usage precise of some of the other terms that appear in the tariff item under review. Simply for ease of nomenclature in this section of the report, reference is made as far as possible only to yarn and thread. The latter term, moreover, is used only with respect to the product in the form of fully manufactured cotton sewing thread, ready for labelling and packaging, or after it has been labelled and packaged for sale.

The various steps in the process up to and including the production of singles yarn are not performed in Canada; they are important parts of the complete process of manufacturing cotton sewing thread and are described here to provide necessary background information.

(1) Transcript, Vol. 1, p. 121-48

One of the essential differences between yarns for cotton sewing thread and ordinary cotton yarns is built into the product at the point where the raw cotton comes into the mill. Essentially the difference between yarn suitable for cotton sewing thread and other cotton yarns is a difference of quality and precise specifications. The raw cotton for yarns for sewing thread has to be selected more carefully for uniformity of length and strength.

In the mills, raw cotton is taken from a number of bales, selected to give a suitable mixture according to the quality of the fibres and fed to the initial process machinery which removes heavy impurities. The cotton fibres leave this equipment as loose sheets, called laps, which somewhat resemble in structure absorbent cotton.

The next step, carding, completes the cleaning, removes fibres which are too short for spinning, and is the first step towards placing the fibres in parallel order for subsequent spinning processes. The lap is fed through closely set steel teeth mounted on cylinders. These pull the fibres away from each other and subject them to a combing action. The cotton, as it leaves the carding cylinders, is drawn together into a soft, rope-like, but untwisted strand known as a sliver.

From the carding machine, the sliver is transferred to a draw-frame where a number of slivers are drawn together and passed between a series of rolls each of which revolves at a surface speed slightly in excess of that of its predecessor. This draws out the slivers and reduces them to a single sliver. The drawing process gives uniformity to the sliver by combining several of them, and further pulls the fibres in a parallel direction.

To improve uniformity, a variety of slivers is then compressed and rolled together to form a lap ready for combing. The comber combines a number of laps, combs and draws them out to a sliver again. During this process some shorter fibres are removed. The combed slivers are then combined and move on to an additional draw frame operation to produce an almost perfectly smooth and uniform sliver.

Following these blending and drawing processes, the sliver is fed into a roving frame or speeder which further draws out the sliver by a series of rolls and reduces it in size to dimensions required for spinning into yarn. At this stage, the first slight twist is given to the material, but it does not lock the fibres. To give greater uniformity two or more rovings may be combined; this roving is then drawn out to the required size, and given the twist that locks the fibres. This transforms the roving into a singles yarn.

Thus, the singles yarn for the manufacture of sewing thread must be of special quality to provide evenness of dimension and strength; it could be used for weaving purposes, but would be an unduly expensive yarn for such use.

As a further point of distinction, the direction of the twist is of paramount importance in the construction of sewing threads. A thread with an "S" twist will not perform properly in a machine designed to use a "Z" twist thread, and vice versa. In contrast, it does

not matter for purposes of weaving whether an "S" or "Z" twist yarn is used. Practically all sewing machines require a "Z" twist thread, while in North America, at least, practically all plied weaving yarns are "S" twist. The differences between those yarns destined to become cotton sewing threads, and other cotton yarns, are, therefore, both qualitative and to some extent construction differences.

For the firms that are most integrated in the manufacturing of cotton sewing thread in Canada, the singles yarn is the basic raw material.

The next operation in the manufacture of thread is to tie the tail of one package of singles into the head of another such package in a process called single-end winding. This operation produces an economic package size for the next stage of processing and clears imperfections which have developed in the yarn during the spinning process.

The next stage of the process is the multiple-end winding of singles yarn. In this process, two or more singles yarns, which have been tied head to tail, are led parallel under carefully controlled conditions of tension and pressure and given enough twist to hold the singles together. The result is a cheese of multiple-end wound yarn.

The next step is to ply two or more of these yarns together. For this operation, the cheeses of yarn are put on a twisting frame; the yarns pass through a series of rolls and are twisted and wound onto fast moving twister bobbins.

Most yarn for cotton sewing thread is given only this one plying operation. However, a small proportion of the plied yarn may be combined with similar plied yarns in a second plying operation. This plying of plied yarns is normally referred to as cabling or cording. For example, three strands of two-ply twisted together are used to produce a six-cord thread.

The twisting and plying operations involve a relatively large amount of labour and equipment. One twisting frame, for example, might be 30 feet long and hold more than 200 bobbins. A company might require several such machines. It was said that as much as 50 per cent of the investment in machinery in a Canadian plant might be in the machinery for twisting and plying. The operations are carefully controlled; the type and quality of the final sewing thread is established by the tension, the velocity at which the bobbins turn, the number of plying operations and other factors present in the plying process.

Yarn is sometimes referred to as thread after it is plied, though plied yarns are not always thought of as thread. The exacting specifications which have been adhered to from the time of selecting the raw cotton through all subsequent stages of processing, including twisting single yarns into plied yarns, produce a plied yarn of a high degree of fineness, regularity, strength, abrasion resistance and hardness, with the direction of twist that is used for the manufacture of sewing thread.

In most countries where cotton thread is produced, some of the plied yarn is gassed and mercerized. Gassing consists of passing

the yarn rapidly through a gas flame to burn off protruding fibres without damaging or weakening the body of the yarn. Mercerizing gives lustre to the finished thread by treating the plied yarn in a concentrated solution of caustic soda. Normally mercerizing is done in the hank. There is another form of mercerizing called warp-mercerizing, which requires a very large production. Mercerized thread is sometimes referred to as "hard" thread, in contrast to unmercerized, or "soft" thread. In Canada, no mercerizing or gassing is done on cotton sewing yarns.

The plied yarn, mercerized or not, is then moved on to the wet processing operations of bleaching or dyeing or both. It first has to be put into a form where the dye liquor or the bleaching liquor can penetrate the material. Two different processes are used to take the yarn from the twister bobbin and put it up in a form to be wet processed. In one process the yarn is reeled into a hank. This is a reeling process again, tying in the heads and tails of the twister bobbin to form a hank. In this method of processing, the yarn is dyed either in open vats or baths, or in an enclosed hank machine. Colour has now been imparted to it to produce a dyed hank as distinct from a grey hank. As an alternative to wet processing on the hank, the yarn can be processed under pressure on a dyeing core. The core is a spring cheese which allows penetration of the dye liquor from the inside as well as from the outside, so that the dye liquor can penetrate all of the yarn which is wound on the cheese. This latter process is often referred to as package dyeing.

The first operation in wet processing is boiling-off, to remove natural waxes, grease and other impurities. The yarn is then bleached or dyed except for a small proportion to be sold as unbleached (grey) thread.

The bleaching process consists of treatment with chemicals to remove impurities and to whiten the fibres. Some yarns are finished as bleached white threads; others are dyed after bleaching to produce light coloured threads. Unbleached plied yarns are dyed in the darker colours and shades.

The dyeing process depends on the available equipment for dyeing, on the quantity, or lot-size, to be dyed, and the desired fastness of colour. A complete dye house involves a considerable investment both in equipment and materials, and also requires highly skilled personnel.

In the hank dyeing, the hanks or skeins are arranged on arms which can be immersed in troughs of the required dye liquor at the appropriate temperature. The skeins are left in the liquor for the requisite time for dyeing; the colour is checked from time to time against the standard or sample. Re-dips and adjustments of dye colour may be necessary to achieve the desired colour. When the dyeing process is complete the arms are raised and the skeins taken to be dried.

For package dyeing, the cones or cheeses of yarn are arranged in a special container (or kier) which is then closed. Dye liquor is drawn into the container and passes up or across it, aided by suction or pressure, in a way to ensure the permeation of the yarn by the dye. Provision usually is made for a small kier from which sample packs can

be removed for testing and matching. When the dyeing process is complete, the cones are removed to a drying room.

The complexities of dyeing are not so much a matter of complicated mechanical processes as of the infinite varieties of colours, shades and finishes that must be achieved on yarns of different texture and quality. The range of available equipment, chemicals and conditions, together with the skill of the dyer, will determine what dyeing finishes are possible for a particular dye-house and how satisfactorily they can be achieved.

The chemicals and the processes will be influenced by the degree of colour fastness that is being sought. Fastness is the ability of the dye to retain its colour under certain conditions such as exposure to sun, atmosphere, washing, perspiration or other agents. A high degree of colour fastness usually involves additional cost, and it is not generally sought except where fastness is required, for example, for sewing thread colourmatched to a fabric, for use where the thread is visible.

Dyeing processes differ in the extent to which they achieve colour fastness. Where fastness is not a primary consideration, the direct method may be used. It is a relatively simple dyeing operation, often using basic or acidic organic compounds on vegetable fibres. Additives may be used to increase light fastness or, in some instances, the yarn may be given an after-treatment to improve colour fastness.

A greater colour fastness can be achieved by using methods or dyes that yield a greater affinity of the colour for the fibre. Vat dyeing, for example, is capable of giving a very wide range of fast colours. The process involves a chemical change in which the colour is developed. The process may involve repeated dippings and exposure to air, as well as subsequent washing to remove residual insoluble compounds.

Azoic dyes form an important group for obtaining a high degree of fast colours in a very great range. Two chemical components are combined within the fibre. Some part of the insoluble ingredients is likely to be precipitated on the surface of the yarn so a thorough washing process follows the dyeing operation.

There is a great range of other possible variants to the dyeing process. Thread dyeing is not the same as fabric dyeing and the dyeing of cotton is not the same as dyeing wool or synthetic fibres. The extent to which a particular dye house is equipped and has supporting chemicals, laboratory and matching and testing equipment, together with the capabilities of its operators, particularly the master dyer, will determine how completely it can supply the range and quality of colours that are required for the yarns for cotton sewing thread. It is probable that even a dye house fairly extensively equipped will not be able to meet the full range of a thread manufacturer's requirements.

After wet processing, the yarn has still to be finished and packaged as cotton sewing thread. In the finishing department, the yarn is transferred by rewinding from its wet process package. Before being put into final packaged form, the product may go through a stage called polishing or glazing. In polishing, a wax or a starch is applied

and the thread is polished by a series of revolving brushes to make it stronger and give it a higher gloss.

In the process of winding what is essentially finished thread onto cones or spools for sale, it is normal to apply a wax or a lubricant. There are various methods of applying this lubricant. The lubricant may be applied while the thread is being wound onto the spool, vicone, tube or other final package; alternatively, the lubrication can be performed as a separate operation.

The yarn or thread is wound onto the cone and examined for imperfections; it must at this stage be identified with printed material such as a ticket. In addition, a wrapper is added to protect the thread in transit, and a second ticket with duplicate information is added, to identify it on the outside. Finally, it is put into a carton to be moved to the warehouse or shipping area and ultimately to the customer.

Cost Factors in the Manufacture of Cotton Sewing Thread

Although the manufacture of cotton sewing thread comprises a great many operations, the principal stages of processing in Canada may be summarized as twisting and plying, bleaching and dyeing, and finishing.

The method of carrying out various processes and of assigning costs to particular processes makes costs of individual firms difficult to compare. In addition, the costs of each process are likely to vary from one company to another and from one yarn count to another even if measured in an identical manner.

There was considerable discussion concerning the costs of, or the value added by, the various processes. On the basis of information available to the Board and of representative prices, it would appear that, in Canada, the plying operation adds from 25 to 30 cents a pound to the value of singles yarns. On the basis of U.K. prices at October 14, 1965, the laid-down cost, at Montreal, for singles of count 40's, inclusive of freight, etc., would have been about \$1.20 to \$1.27 a pound. At that time, plied, grey yarns of count 40/3 ply, purchased in the U.K., could be laid down at Montreal, inclusive of the duty of 5 p.c., at a total cost of approximately \$1.55 a pound. To the extent that such a comparison is representative, Canadian manufacturers who ply singles yarns would appear to be able to carry out the operation within the indicated differential.

Costs of plying vary according to the count of the yarn because the length of yarn per pound varies with the fineness and the chance of breakage increases with fineness. Plying costs also vary according to type of ply. For example, cabled threads, which are made by twisting two or more plied threads together, are much more expensive than ordinary plied yarns because of the additional plying operations. It was said that for a cabled thread the value added to singles would be as much as 80 per cent.

The major operation which follows plying is the wet processing (bleaching or dyeing). Bleaching carried out as a separate operation was represented as adding an additional 12 to 15 per cent to the value of plied, grey yarn or between 18 and 23 cents per pound. It was further stated that the U.K. prices for bleaching varied from about 18¢ per pound to 24¢ per pound at that time. Yarns intended for white thread and for some dye applications are bleached; however, many yarns are dyed without bleaching and a small quantity is used in the grey.

As noted in the outline of the wet processing operations, dyeing costs vary substantially according to the weight of the lot being dyed, the fastness required, the colour, depth of shade, yarn count and the put-up of the yarn. Generally, the cost of the dyeing operation was reported to vary between 23 and 90 cents per pound. The lower costs would apply to direct dyes in large lots. The companies agreed that direct dyeing, on average, represented a cost of from 23 to 30 cents a pound. At the public hearing, vat dyeing was said to cost on average from 75 to 90 cents per pound. The differential between the cost per pound of imported plied, grey yarn and plied, bleached or dyed yarn in the four years, 1961-64, was on average about 20¢ per pound, according to a Tariff Board survey. This average is heavily weighted by yarns that have received only the less costly bleaching operation; only about 10 per cent of these imports were reported to be dyed.

Prices reported to the Tariff Board for custom dyeing indicated great variations according to colour, type of dye and size of dye lot, as illustrated by the following. Package dyeing (under pressure) varied from 17¢ per pound to 85¢ per pound depending on type of dye and size of lot; direct dyeing on skeins varied from 21.5¢ per pound to \$1.45 per pound. Where bleaching was required before dyeing, an extra charge of 5 cents per pound was usual.

Sample Prices for Bleaching and For Dyeing Black and Colours

<u>Type of Process</u>	<u>Package Bleaching^(a) and Dyeing</u>		
	<u>100 lb. lot</u>	<u>300 lb. lot</u>	<u>500 lb. lot</u>
	- cents per pound -		
Bleaching	-	-	20
<u>Black and Colours</u>			
Direct	48	25	17
After treated	53	30	22
Developed	57	34	26
Vat dyed	85	65	55

Skein Dyeing

	<u>15 to 25 lb.</u>	<u>51 to 100 lb.</u>
	- cents per pound -	
<u>Black and Colours</u>		
Direct	30	21½
After treated	35	26½
Developed	39	30½
Vat dyed	145	125

(a) Bleaching is normally done only in large lots

It is clear from the above that the cost of dyeing is very much less if the size of the lot dyed is large. For the same colours and types of dyes, it would cost less than half as much per pound to process a 500 pound lot of yarn as a 100 pound lot. The only exception is in vat dyeing for which the saving is not so great. It is also apparent that, in this example, skein dyeing is more economical in the smaller lots than package dyeing. Because white thread is so widely used, bleaching is usually done only in large lots.

U.K. prices for dyeing direct colours, in skeins, submitted to the Board, were about 50¢ per pound for lots of 15 to 25 pounds and nearly 20¢ per pound in 100 pound lots; vat colours, medium shades, were about \$1.26 per pound for lots of 15 to 25 pounds and about 63¢ per pound for lots of 100 pounds.

Although there is a wide variation in the costs of dyeing, a large portion of the yarn dyed in Canada on a custom basis was processed for about 25¢ per pound. This suggests that most of the yarns are custom dyed in more or less standard colours for which there is a large demand.

Finishing and precision winding of industrial thread is generally onto a cone, vicone, or similar package; household thread is wound on wooden spools. The cost of such operations as lubricating, cone winding and packaging, together with the cost of the package, identification ticket, label and make-up, was represented as being about 18 to 36 cents per pound for industrial threads. (p. 140, 273, 477) A cost of about 25 cents per pound seemed to be regarded as fairly typical. Glazing would cost an additional 20 to 25 cents a pound. (p. 139-40, 476) For retail packages, the cost of packaging is considerably higher and was represented as exceeding at times the cost of manufacture of the sewing thread. This high cost reflects principally the high cost of labour and of the spool relative to the amount of thread in each package.

Throughout the above illustrations of costs at various stages of manufacture, allowance is made for the loss in weight (amounting to about eleven per cent) as the singles yarn is processed into finished cotton sewing thread.

From the foregoing examples it is apparent that the three major operations performed in Canada on yarns imported for the manufacture of cotton thread, namely, plying, wet processing and finishing and packaging, each adds considerably to the value of the yarn. In very approximate terms, not always representative, the costs of these operations in 1965 would appear to have been about 25 to 30 cents a pound for plying, 25 cents a pound for wet processing and about 25 cents a pound for finishing, including, for industrial packs, the cost of the packaging materials. On a singles yarn that cost \$1.20 a pound, laid-down in Montreal, each of these costs would represent an addition of just over 20 per cent. On the value of each successive stage of processing such yarn they would represent, respectively, about 20 per cent, 17 per cent and just under 15 per cent.

Wet processing and finishing are performed in Canada on the predominant proportion of the yarns imported (90 per cent of the imports in 1964) and all three operations are performed in Canada on

nearly one-half of the yarns imported. Some yarn is imported already bleached or dyed and is finished and packaged in Canada. In 1964 imports of bleached or dyed yarns were ten per cent of total imports.

In 1964, shipments of cotton thread by thread manufacturers were valued at \$14.5 million.⁽¹⁾ The cost of the cotton yarns was \$6.4 million. The cost of all other materials used by this industry, both for its cotton and synthetic products, was \$2.8 million, of which \$1.1 million was synthetic fabrics. Thus, the total cost of yarns and other materials for cotton thread was about \$8 million; the cost of cotton yarns is, by far, the largest item of cost, constituting in 1964, 80 per cent of total material costs. The above also indicates, for 1964, a value added of about \$6.5 million in the manufacture of cotton thread.

In 1964, this industry's shipments of synthetic materials were valued at \$1.8 million, nearly 11 per cent of the total; shipments of other products were less than one-half million dollars, about 2½ per cent of the total value of shipments. Apart from one firm, Belding-Corticelli, the companies engaged in the manufacture of thread depend on the production and sale of cotton sewing thread for by far the largest part of their income.

The Cotton Sewing Thread Industry in Canada

Because some of the stages of manufacture of cotton sewing thread can be carried out in relatively small volume without substantial capital outlays, the number of firms engaged in the manufacture of cotton sewing thread at any time is not easy to establish, and the number changes from year to year. There were between five and seven manufacturers of cotton thread in Canada from the mid-twenties until 1950. During the 1950's, the number of producers varied between eight and thirteen; in the 1960's, their number increased further and in 1964 there were about 14 manufacturers of cotton thread. Many of the newer firms are smaller and less integrated in their operations than the old established firms; almost invariably their manufacturing processes begin with plied yarns.

At the time of the public hearing, in October 1965, thirteen firms in Canada, engaged directly in the manufacture of cotton sewing thread, made representations to, or corresponded with, the Board. In terms of output, this was essentially the entire Canadian sewing thread industry at that time. Twelve of the companies were engaged almost entirely in the manufacture of cotton sewing thread. Several other firms and associations with an interest in cotton sewing thread also made representations or submitted information to the Board.

As noted earlier, not all of the processes in the manufacture of cotton sewing thread are performed in Canada. In particular, the cleaning, carding, drawing, combing and blending of raw cotton into the forms preceding singles yarn are not done in Canada, nor is the mercerizing and gassing of yarn carried out in this country. In Canada, the starting point in the process of manufacture for each firm and the combination of processes it performs depend upon considerations related, for example, to the time at which it entered the market, its capital structure and the particular sewing thread market it seeks to serve.

⁽¹⁾ Includes some crochet and embroidery cottons for household use

There is no well developed market in Canada for yarns at various stages of process; a company that wants to produce cotton sewing thread will import substantially all of its requirements of yarn at one stage of processing or another; it will not normally turn to a Canadian supplier of yarn for its raw material. Two differences in company operations are of particular significance. For some companies, the manufacture of some cotton sewing thread starts with the importation of the singles yarn which is then twisted and plied and further manufactured. Other companies do not twist or ply singles yarn but begin by importing yarn already plied and carry out the later stages of processing in Canada. The second main difference concerns a company's approach to wet processing. Some companies have their own bleaching and dyeing facilities to handle, basically, their own wet processing requirements; other companies rely entirely upon the wet processing facilities available to them on a custom or commission basis, supplementing these to some extent by the importation of yarns already bleached or dyed.

The two differences outlined above, and the necessity for each company to import yarn at some stage of processing, gave rise to the main issues which came before the Board in this study. The rates of duty (15 p.c., B.P., 20 p.c., M.F.N.) for finished cotton sewing thread were not referred to the Board. The main issue related to the distribution of this aggregate protection among the principal stages of processing. What rates of duty should apply to singles yarn? What rates to plied, grey yarns? What rates to yarns when bleached or dyed? What remaining additional protection, if any, was then left for the finishing operations? The points in issue, therefore, represented differences among the producers of cotton sewing thread and did not include expressions of interest by users of thread.

In the main, the companies which made representations to the Board were divided on these questions into two groups: those which import a substantial part of their yarn requirements in the form of singles and carry out the twisting, wet processing and finishing operations, and, on the other hand, those which import almost entirely plied yarns and depend upon outside facilities for wet processing. The latter companies also tend to import a larger portion of their requirements of yarns already bleached or dyed, and then perform the finishing operations. For ease of reference, the first group is here referred to as "integrated" producers, the second group, as "unintegrated".

The integrated companies represented at the hearing, that is, the companies which import a substantial part of their requirements in the form of singles and which have their own wet processing facilities (dye house) were: J. & P. Coats (Canada) Limited, Montreal, Quebec, The National Thread Limited, Sherbrooke, Quebec, and The Bell Thread Company Limited, Hamilton, Ontario. J. & P. Coats, a subsidiary of J. & P. Coats Limited of Glasgow, Scotland, has manufactured cotton sewing thread in Canada from singles since 1908; National Thread, which began some operations in 1941, has a corporate relationship with J. & P. Coats (Canada) Limited; Bell Thread, a subsidiary of English Sewing Cotton Company Limited, Manchester, England, began some operations in Canada in 1901. Associated with these three integrated companies in their submission to the Board was Belding-Corticelli Limited, Montreal, Quebec, a wholly Canadian-owned company, whose interest in cotton sewing thread, prior to 1964, had been confined chiefly to custom

bleaching and dyeing. In 1964, as part of a larger purchase, the company acquired The Universal Thread Company which had a plant in Toronto. The Toronto plant was closed and some of the machinery moved to the Belding-Corticelli plant at St. Johns, Quebec. Following this acquisition, the company began to manufacture cotton thread using plied grey yarns as its basic raw material.

Most of the material requirements of the integrated companies, taken together, are imported single yarns. Less than 30 per cent of their yarn requirements in 1964 was imported as plied grey yarn and their imports of bleached or dyed yarn and of finished thread were hardly significant.

Four unintegrated companies made a joint submission to the Board. These companies, all Canadian-owned and all located in Montreal, Quebec, were as follows, the year in which each began operations being shown in brackets: Allied Threads and Supplies Limited (1951), Canadian Sewing Supply Limited (1951), Kay Thread Company Limited (1949) and Reliable Threads Limited (1963).

The above four unintegrated companies, with one minor exception, do not import singles yarn, but begin their operations with plied yarn, three-quarters of which in 1964 was imported in the grey. This proportion of grey yarns had increased, almost without interruption, since 1958. Of the bleached and dyed yarns, about 90 per cent was said to be bleached, not dyed. In amounts that vary significantly from company to company, these four companies also import for sale considerable quantities of finished cotton sewing thread, amounting, in 1964, to more than 25 per cent of the quantity of their total imported yarns and thread. In value terms, their imports of finished thread amounted to more than 35 per cent of the value of their imported yarns and thread. The finished thread, of course, has a much higher unit value than the yarn and is subjected to a higher rate of duty.

In addition to the eight companies referred to above, the Board received some information concerning the operations of five other producers of cotton sewing thread. These were: Alba Threads Limited, Montreal, Quebec; Exclusive Thread Company Limited, Montreal, Quebec; Gibraltar Thread Works, Toronto, Ontario; Quebec Threads, Inc., Montreal, Quebec, and Supreme Threads Limited, Toronto, Ontario. In general, the companies began operations in the 1950's and their reported volume of manufacture was considerably less than that of either of the groups referred to above. These companies import plied yarns, mostly in the grey, and carry out the subsequent stages in the manufacture of sewing thread. One of the companies was reported to have bleaching and dyeing facilities. The five reported only very small imports of finished sewing thread.

Mercerized thread has a "harder" finish than unmercerized and has a sheen or polish. Additional processes are required to produce mercerized thread (which is usually also gassed) and the thread is more expensive than the comparable "soft" thread. It is used, therefore, only where there is a recognized advantage, for example, where the thread is visible and its appearance can add to the attractiveness of a garment. As a result, mercerized thread is used in much smaller quantities than unmercerized.

The considerably smaller market for mercerized cotton sewing thread than for soft thread was given as the main reason for the absence of mercerizing and gassing facilities in Canada. For the thirteen companies above, for example, mercerized cotton yarn and thread constituted less than twenty per cent of their total imports of cotton yarn and thread. More than 60 per cent of the requirements for mercerized threads by the companies was obtained by importing mercerized grey yarn and processing it; most of the remainder was finished mercerized thread imported by the four unintegrated companies.

In contrast to the relatively small demand for mercerizing and gassing facilities, there is a considerable quantity of yarn bleached or dyed in Canada. In 1964, about 90 per cent of the yarn requirements of the companies was imported unbleached and undyed. Thus, while there was no suggestion that any company was likely to establish mercerizing and gassing facilities in Canada and, hence, mercerized yarns and thread would continue to be imported, there was considerable discussion concerning the best method for companies, in different circumstances, to meet their needs for bleached and dyed yarns and thread.

The Bleaching and Dyeing of Yarn for Cotton Sewing Thread

The general order of the cost of bleaching and dyeing yarns has been noted above in the section on costs of manufacture. At the lower limit, for large lots of a fairly standard colour, the cost of dyeing is about twenty to twenty-five cents per pound. A company handling relatively small amounts of yarn and requiring a considerable variety of colours might find that it could not operate a dye house at as low a cost as could be obtained by having the wet processing done on a custom basis. The processes require a capital outlay that can represent not only a fairly high processing cost per pound of yarn, if the volume of yarn being dyed is small, but also can pose, for a small company, a problem of initial financing. However, at some scale of operation, a manufacturer might establish his own dye house rather than have the wet processing done on a custom basis. One estimate was that a throughput of about 300,000 pounds of yarn a year (or 1500 lb. per day) probably was necessary to sustain a minimum-sized modern dye house and the very highly skilled operators required to wet process yarn. In total, about four million pounds of yarn were imported in 1964 by the thirteen companies, an amount, on average, insufficient to support individual dye houses.

The Board received different estimates of the cost of establishing a dye house. These ranged from approximately \$50,000 to nearly \$340,000, exclusive of the cost of the building. The lowest estimate was supplied by the integrated producers by pricing separately, for skein or hank bleaching and dyeing, a series of pieces of equipment: a boiler, vats of different sizes, a series of bleaching vats, a centrifuge water extractor, a dryer, a dye house weigh scale and transporting trucks or carts. The boiler alone, in the higher estimate, was \$40,000, compared with \$13,000 in a quotation given by the integrated companies. Another dye house, said to have a capacity of 500,000 pounds of yarn a year was estimated to cost \$178,000, exclusive of building, boiler and some other costs. The two higher estimates were submitted by the unintegrated companies, based on quotations they had received.

The impact on operating costs of the differences in the capital costs of a dye house can be seen from a simple illustration. If the dye house cost \$400,000 for processing 300,000 pounds of yarn a year, the depreciation cost of the plant, if fully depreciated over a fifteen year period, would be about 9 cents per pound of yarn processed; this item alone would then represent more than one-third the cost of custom dyeing.

Differences in capital costs result from differences in the proposed scale of operation and in the amount and type of equipment used. For wet processing fairly small quantities, only the most basic equipment might be justified. A somewhat higher capital cost was said to be incurred for package dyeing, and some plants find it advantageous to have equipment for both processes. The costs vary, too, depending upon the range of dyes and chemicals in the inventory of the dye house and the amount of weighing, matching and testing equipment employed. These costs would be higher if the dye house were equipped to produce fast colours.

There was disagreement among the representatives over the relative advantages of establishing package dyeing facilities or skein dyeing equipment in terms of capital costs, operating costs, satisfactory results and processing time and efficiency. A dye house designed to handle a somewhat larger volume of yarn, and to permit more flexibility in processing, might contain some skein dyeing equipment and some package dyeing equipment. Bell Threads, one of the largest manufacturers, installed only package dyeing equipment. Belding-Corticelli also operates a large dye house, not primarily for cotton sewing thread, and does relatively little skein dyeing. J. & P. Coats, which wet processes the largest quantity of yarns for cotton sewing thread, uses both skein and package dyeing equipment and found advantages to be attributed to each. For the many shades of fast colours required in small lots for embroidery cottons, for example, the spokesman for J. & P. Coats considered that hank (or skein) dyeing was the only way to achieve the required standards. For the four unintegrated companies, about one-half of their yarn was said to be skein dyed and one-half package dyed, the latter entirely, or almost entirely, by Belding-Corticelli. Any other package dyed yarns for the unintegrated companies were being imported already dyed.

As noted above, none of the four unintegrated producers of cotton sewing thread has wet processing equipment; they either rely on the commission dyeing available in Canada or import yarns already bleached or dyed. The integrated producers, together with Belding-Corticelli, claimed to have wet processing capacity well in excess of the total requirements of the Canadian market for cotton sewing thread and indicated a willingness to do dyeing and bleaching on a commission basis. They quite naturally also noted, however, that they were under no compulsion to accept any particular order. The unintegrated companies complained that difficulties had arisen, from time to time, in their attempt to use the facilities of the integrated companies.

There are a number of reasons for such difficulties to arise from the point of view of either of the parties. The operator of a dye house might be unprepared to accept lots below some minimum size, or may be unprepared to quote a price or a delivery time for such lots that is satisfactory to the owner of the grey yarn. Any dye lot must

be programmed into the time-table of the dye house and, especially on a rush order that might well involve special colours, the delivery time from the dye house might be longer than the unintegrated thread manufacturer can accept if he is to satisfy his customer. This situation can also arise when the integrated manufacturer is serving his own customers, but the company that must rely on outside service is in a position to exercise far less control over the programming of work through a dye house. The arrangement is likely to seem particularly unsatisfactory to the unintegrated company if the commission dyeing is being done by a competitor in the cotton sewing thread market.

A similarly difficult type of situation can develop concerning the acceptable quality of the wet process, with respect to colour, the penetration of colour and the evenness of the colour through the dye lot. Differences in quality, texture and the condition of the yarn can create difficulties in the dye house which require greater time, effort and cost to achieve a satisfactory finish. These problems arise also when the integrated producer is handling his own material but because he is probably more familiar with the grey yarn which he is buying, the difficulties normally will be less than when he is called upon to handle various lots of yarn from outside sources. Furthermore, when the dyed yarn is returned to the owner, he might be dissatisfied with the results and seek to reject all or part of the shipment, insisting either on its replacement or reprocessing. Further costs and delays can thus result.

In summary, therefore, the unintegrated manufacturer will try to avoid being dependent upon his competitor, the integrated company, for his wet processing. For the integrated company, even though the operating cost of the dye house is reduced the more fully it is used, wet processing on a custom basis is not always an unmixed blessing.

The unintegrated manufacturer does not find entirely satisfactory alternatives to relying on his competitors. To establish a dye house, each company would face a substantial capital outlay and high operating costs relative to the volume of yarn each is processing. To make use of the facilities of independent dye houses is to accept many of the problems referred to above concerning placing orders, arranging satisfactory programming of work and delivery dates and obtaining satisfactory quality of work, particularly if reliance must be placed on a number of dye houses and orders switched from one to another depending upon the work load of each at any given time. In recent years one of the smaller companies had closed its dye house and another had established a dye house.

Another alternative would be the establishment of an independent dye house with the capacity sufficient to handle the total volume of work from all unintegrated companies, thus achieving the economies of greater volume. However, many of the same difficulties of priorities, programming, delivery and quality would exist in such an arrangement; each manufacturer would seek to establish the highest possible priority for the wet processing of his yarns.

The unintegrated manufacturers have their wet processing done principally by Belding-Corticelli and by two or three independent

dye houses. Belding-Corticelli was doing commission dyeing for some of the unintegrated companies before it acquired Universal Threads and became a manufacturer of cotton sewing thread. The company continues to do commission dyeing for these companies. The manufacture of cotton sewing thread and commission bleaching and dyeing of yarns for other cotton sewing thread manufacturers do not represent a large part of the total manufacturing operations of Belding-Corticelli.

Three independent dye houses were mentioned by the four integrated companies as available to accept commission dyeing. These were: Industrial Dyers Company, Montreal, Quebec; Fraser Dye Works Incorporated, Montreal; Armstrong Dye Works, Hamilton, Ontario.

In addition to the above companies, four others were brought to the attention of the Board in the course of the public hearing as having wet processing equipment available for commission bleaching and dyeing. These companies were: Jace Tapes Inc., St. Hyacinthe, Quebec, a subsidiary of Clix Fasteners Corp.; Quebec Threads Inc., Montreal, Quebec, a manufacturer of cotton sewing thread; Model Dye Works (Canada) Limited, Huntingdon, Quebec, and Dominion Textiles Company Limited, Montreal. At the time of the hearing, the unintegrated manufacturers of sewing thread, for the most part, had not tried these facilities nor, apparently, had they been approached by the dye houses soliciting work on a commission basis. J. & P. Coats (Canada) Limited noted that, principally in order to establish stand-by capacity, it had satisfactorily placed some wet processing work with Dominion Textiles.

In summary, wet processing of cotton yarns for sewing thread is being done in Canada on a large scale; ninety per cent of the yarns reported by the companies are imported in the grey and almost all of this is then bleached or dyed before being made into cotton sewing thread. Five manufacturers of cotton sewing thread reported that they have their own dye works and are essentially independent in the matter of wet processing. At least another five companies rely on outside facilities to bleach or dye the yarns which they import in the grey. Four of these companies, the unintegrated manufacturers represented at the hearing, emphasized the difficulty of establishing their own bleaching and dyeing facilities and expressed concern over being dependent for all of their requirements of yarn on the wet processing facilities available to them in the market.

The Canadian Market for Cotton Sewing Thread

This study is not directly concerned with finished cotton sewing thread; the market for thread, therefore, is outlined only to point out some of its characteristics, particularly as these affect the manufacturers of cotton sewing thread in Canada. These manufacturers are the dominant suppliers of cotton sewing thread for use in Canada. No representations were received from the users of thread.

The market for cotton sewing thread in Canada is supplied in four main ways: First, from the thread manufactured in Canada from imported yarns; second, from the imports of finished thread by the thread manufacturers; third, by thread imported by wholesale or retail outlets, or by other distributors; fourth by direct imports by manu-

facturers of products in which thread is used. The first of these sources of supply, Canadian manufacture, is by far the largest, supplying approximately 90 per cent of the market, and a large portion of the imports of finished thread is made by the thread manufacturers themselves.

While the overall size of the market for cotton sewing thread in Canada cannot be given precisely, it appears to have had a value of about \$16 million in 1964. This represents an increase of nearly 40 per cent in value from that of 1958; in quantity terms, the increase was about 50 per cent. The growth of the market has been steady but has been moderated, to some extent, by the increasing importance of threads from synthetic fibres.

With respect to the use of thread made from synthetic fibres, the spokesman for J. & P. Coats (Canada) Limited noted:

"Up until approximately 1954, the bulk of sewing threads were all cotton with nylon beginning to make its entrance.

"Since 1954 there has been considerable technical development of not only continuous filament synthetics, in the shape of the polyamides and the polyesters or Terylene; there is also a development of what is called core spun fibres. This is a continuous filament core with a wrapping of cotton around it. More recently, spun polyesters are beginning to attract a great deal of attention in the sewing industry.

"These different types of sewing thread, in conjunction with the increase in use of fabrics of synthetic or synthetic blends, is changing the shape of the total cotton sewing thread market." (p. 615)

It was further estimated that sewing threads of synthetic fibres would represent less than one-fifth of the total market for sewing thread in 1965, a share that is still increasing.

Apart from changes in the tariff provisions, which are dealt with in a subsequent section, and the increasing importance of synthetic fibres, noted above, the manufacturers of cotton sewing thread pointed to only a few developments in the thread market that affected the industry in the years from 1958 to 1964. The integrated companies considered that the business held by the smaller, unintegrated companies had increased relatively through the years. Some companies expressed the view that imports of finished thread and of nearly finished thread had increased relatively through the years, thus reducing the potential amount of processing that could be done in Canada. Moreover, the U.K. as a source of supply was said to have declined relative to other countries since 1958. These observations are examined in the import section below. Some companies pointed to the necessity of switching back and forth between suppliers of yarn in different countries in order to get the best price and most suitable yarn. The suggestion was also made that importations of plied yarn in 1958 were almost all in hank form, possibly reflecting a proportionately greater amount of bleaching and dyeing of hanks in the earlier years and the subsequent increase in package dyeing.

The market for finished cotton thread can be considered in two parts: the thread put up in retail-type spools and packages, essentially for household use, and the thread put up in larger quantities, for example in cones of 10,000 yards, for industrial use. Industrial sewing threads are the predominant part of the market. As noted above, mercerized thread accounts for a relatively small part of total requirements, although it is the main type packaged for household use. The use of cotton sewing thread is heavily concentrated in counts of forty or finer.

To package thread for the retail market is a specialized operation in which the cost of packaging materials and the packaging operation can represent a larger cost than the yarn and its manufacture up to the packaging stage. A related factor is the very great variety of thread sizes, colours, finishes and package types needed to serve this market; this increases the costs of inventory and distribution. Only two companies are packaging thread for retail sale on any significant scale; they are J. & P. Coats (Canada) Limited and its associated company, National Threads. Other companies supply some retail packages, principally by importing them.

Thus, competition among the manufacturers of cotton sewing thread is in the market for industrial threads. This market is supplied very largely by the Canadian manufacturers of sewing thread, mostly from their own production, supplemented, to a fairly small extent, by their importations of finished thread. Proximity to the users and the ability to meet orders quickly is an important feature of competition.

Imports of Cotton Yarns for Sewing Thread

As noted above, Canadian manufacturers of cotton sewing thread use either imported cotton yarn singles or imported plied cotton yarns as the starting point of their manufacturing processes. All mercerized cotton yarns for thread are imported, already plied.

It is difficult to establish the exact volume of imports of cotton yarns by the thread industry, though some fairly close approximations of the magnitudes involved and of the historical trends are possible from the published data. The statistical difficulties are involved principally with the inclusion of such yarns as those for crochet, hand embroidery, Schiffli and levers' lace machines. However, the inclusion of these yarns does not affect the totals very much; data collected in the Tariff Board survey are used to support the published statistics and to provide additional detail.

The data indicate that in the immediate post-war years (1945-49), the cotton thread industry used an average of about three million pounds of cotton yarns annually, valued at about \$3.7 million per year. The industry expanded in the decade which followed (1950-59) both in terms of the number of firms engaged in the manufacture of cotton thread and in the volume and value of their output. In the last five years of this period (1955-59) imports of cotton yarns were ten per cent more than in the immediate post-war period, averaging 3.3 million pounds annually, valued at approximately \$4 million per year.

The industry continued to grow during the early 1960's and in the five years, 1960-64, imported annually an average of 3.6 million pounds of cotton yarns, valued at \$5.0 million. In 1965 imports of cotton yarns for thread were almost 50 per cent more than the average in 1945-49 and their value had risen by almost two-thirds.

Imports of Cotton Yarns by the Cotton Thread Industry, 1945-65^(a)

	Annual Averages		
	'000 lb.	\$'000	\$ per pound
1945-49	2,967	3,682	1.24
1950-54	2,669	4,011	1.50
1955-59	3,279	4,037	1.23
1960-64	3,550	4,961	1.40
1965	4,425	6,094	1.38

Increase 1965 from aver. 1945-49:

1,458	2,412	.14
49.1%	65.5%	11.1%

(a) 1945-59 -- s.c. 3019, 3021 and 3023; 1960-62 -- imports of cotton yarns by thread mills; 1963-65 -- s.c. 364-02

Source: D.B.S., Trade of Canada, Imports; Thread Mills, Cat. No. 34-220

The United Kingdom has always been the principal supplier of yarns for thread although its relative importance has declined gradually since the second World War; however, in 1964, the U.K. was still supplying three-quarters of all cotton yarns imported by Canadian thread manufacturers. This represented 86 per cent of their singles yarns and two-thirds of their plied yarns. The U.S.A. has been the second largest supplier of cotton yarns to the Canadian market. In 1964, imports from the U.S.A. were 19 per cent of the total. Although the share of the market supplied by other countries has been increasing, their share in 1964 was only 6.5 per cent of all imports. Most imports from other countries originate in Yugoslavia and Israel. The U.K. and the U.S.A. have continued to supply almost all of the singles yarn used for thread.

Distribution of Imports of Cotton Yarns for Thread, by
Kind and Principal Country of Origin, 1950-64

	<u>Singles 21-39</u>	<u>Singles 40 & finer</u>	<u>Total Singles</u>	<u>Total Plied</u>	<u>Total All Yarns</u>
	per cent from U.K.				
1950-54	86.2	97.6	95.5	77.6	86.9
1955-59	90.7	91.5	91.3	70.4	82.2
1964	..	..	86.0	66.2	74.5
	per cent from U.S.A.				
1950-54	13.8	2.4	4.5	21.6	12.8
1955-59	7.5	8.5	8.2	29.0	17.3
1964	..	..	14.0	22.8	19.0
	per cent from other countries				
1950-54	-	-	-	0.8	0.3
1955-59	1.8	-	0.5	0.6	0.5
1964	-	-	-	11.0	6.5

Source: D.B.S., Trade of Canada, Imports, s.c. 3019, 3021 and 3023 for years 1950-59; Tariff Board survey for 1964

The tariff items which apply to cotton yarns used for thread have undergone significant change only three times since the 1940's, all of these in recent years (April 1, 1960, June 14, 1963 and March 17, 1964). A tabular summary of these changes is given in the following; a more complete history of the relevant tariff items is given in Appendix II.

Brief History of Rates of Duty Relating to Cotton Yarns
for Use in the Manufacture of Cotton Sewing Thread

	<u>Tariff</u> <u>Item</u>	<u>Rates</u> <u>B.P.</u> <u>M.F.N.</u> p.c.	
<u>Before April 1, 1960</u>			
Singles, 20 and coarser	522	12½	15
			3 cts.
Singles, 21 to 39	522b	7½	15
Singles, 40 and finer	522g(2)	Free	10
Plied	522e	5	10
<u>Effective April 1, 1960</u>			
Singles	521 3(a)	Free	10
Plied	521 3(b)	5	10
<u>Effective June 14, 1963</u>			
Singles, unbleached and undyed	521 2(a)	Free	10
Plied, unbleached and undyed	521 2(b)	5	10
Singles or plied, bleached or dyed	521(8)	10	15
<u>Effective March 17, 1964</u>			
Singles	52102-1	Free	10
Plied	52103-1	5	10

Thus, the rates of duty for plied, grey yarns for the manufacture of sewing thread have been 5 p.c., B.P. and 10 p.c., M.F.N. since the late 1940's; singles of the counts mostly used for cotton sewing thread (40 and finer) have been dutiable at Free, B.P. and 10 p.c., M.F.N. for a similar length of time. The change in the tariff items and rates for singles in 1960 applied to the rates for coarser yarns (counts 39 and coarser). The rates were reduced substantially on these coarser yarns, and all singles yarns became dutiable at uniform rates of Free, B.P. and 10 p.c., M.F.N.; the change would have only a small effect for the manufacture of cotton sewing thread. The rates of duty for singles of the counts principally used for cotton sewing thread (40 and finer) were unchanged and imports of these counts appear to have been fairly stable after 1959 (about 1.3 or 1.4 million pounds).

The significant changes for sewing thread manufacture were in 1963 and 1964 and involved bleached or dyed plied yarns. In June 1963, by temporary item 521(8), these yarns became dutiable at higher rates (10 p.c., B.P. and 15 p.c., M.F.N.). Previously they had been dutiable, as had the grey, at 5 p.c., B.P., 10 p.c., M.F.N. In March 1964 the rates for bleached or dyed yarns reverted to the level of the grey plied.

A survey conducted by the Tariff Board permits some analysis of imports during the period of these tariff changes. The survey covered more than 90 per cent of the imports of cotton yarns used for the manufacture of cotton thread.

Imports of Cotton Yarns by Thread Manufacturers, 1961-64

	<u>Grey</u>	<u>Bleached or Dyed</u>	<u>Total Imports</u>	<u>Per Cent Grey</u>
		- '000 lb. -		
1961	2,708	342	3,050	88.8
1962	2,991	441	3,432	87.2
1963	3,159	425	3,584	88.1
1964	3,564	402	3,966	89.9

Increase from 1961 to 1964:

'000 lb.	856	60	916	93.4
Per cent	31.6	17.5	30.0	-

Source: Tariff Board survey

It will be observed that grey yarns (singles and plied) account for approximately 90 per cent of imports of yarns for the manufacture of cotton sewing thread and have accounted for almost all of the increase in imports from 1961 to 1964; most of this increase was, in fact, in plied grey yarns. Imports of bleached or dyed yarns did not change substantially. Thus, imports of plied grey yarns increased relatively to singles and to bleached and dyed plied yarns during the period.

The effect of the changes in rates of duty on bleached and dyed yarns is difficult to assess because imports of these yarns declined both in 1963, when the rates on them were increased, and in 1964, when the rates were lowered. Available information for 1965 and 1966 indicates that imports of plied yarns continued to show a larger increase than the singles.

The increase in the volume of business by the unintegrated producers in recent years accounts for a large part of the increase in imports of plied yarns. In addition, Belding-Corticelli began importing plied yarn after acquiring Universal Thread. The integrated firms showed only a small increase in imports of plied grey yarns. Moreover, although there are statistical difficulties in comparing imports over a longer period, it appears that the increase from the earlier post-war years in imports of cotton yarns for the manufacture of sewing thread was mostly in the form of plied yarns.

Mercerized Yarns for Thread

Imported mercerized yarns are plied and may be bleached or dyed, or in the grey; in the four years, 1961-64, 85 per cent of the mercerized yarns imported by thread manufacturers was in the grey.

Imports of mercerized yarns by Canadian thread mills reflect the increasing sales of this type of thread by the industry and rose from 517,000 pounds in 1961 to 635,000 in 1964, an increase of more than 20 per cent. The mercerized yarns used for thread, in 1964, were valued at about \$1.2 million, an average of \$1.87 a pound.

Imports of Plied, Mercerized, Cotton Yarns, by Country of Origin, 1964

	<u>Grey</u>		<u>Bleached or Dyed</u>		<u>Total</u>	
	'000 lb.	\$'000	'000 lb.	\$'000	'000 lb.	\$'000
U.K.	296	539	27	51	322	590
U.S.A.	248	451	48	109	296	560
Other	<u>1</u>	<u>1</u>	<u>15</u>	<u>33</u>	<u>16</u>	<u>34</u>
Total	545	992	89	193	635	1,185

Source: Tariff Board survey

Imports of mercerized yarns were about 14 per cent of the volume of imports of all cotton yarns in 1964. About 86 per cent of the mercerized yarns was imported in the grey. The U.K. supplied more than half of the total imports of grey mercerized yarns, but slightly less than one-third of the relatively small quantity of bleached or dyed mercerized yarns.

Imports of Finished Cotton Sewing Thread

By value, sales of imported cotton thread account for about 10 per cent of the market in Canada. In 1964, shipments of finished cotton sewing thread by Canadian mills were \$14.5 million and imports were valued at \$1.7 million.⁽¹⁾ Most imports of finished thread are of industrial types; imports of household cotton threads appear to be a very small part of the total.

Imports of finished thread are mainly from the U.S.A. which usually accounts for 85 to 90 per cent of the quantity and a slightly larger percentage of the value of the imports. Finished thread is imported from a number of other countries, the main ones, in recent years, being Czechoslovakia and Yugoslavia. Imports from Britain are very small.

Imports of Cotton Thread for Sewing, by Principal Countries of Origin, 1950-65

	<u>Czecho- slovakia</u>	<u>Yugo- slavia</u>	<u>U.S.A.</u>	<u>Total Imports</u>	
	- thousand dollars -			'000 lb.	\$'000
Aver. 1950-54	21	-	934	582	1,038
Aver. 1955-59	34	-	1,049	745	1,174
1960	37	3	1,049	683	1,137
1961	32	102	1,075	714	1,251
1962	48	211	1,009	770	1,312
1963	31	36	1,376	803	1,500
1964	57	53	1,555	956	1,714
1965	55	-	1,452	869	1,624

Source: D.B.S., Trade of Canada, Imports, s.c. 3009 and 364-05

Recent imports of thread have been about one-third larger than in the early 1950's and have been increasing during the 1960's. However, recent increases in imports of finished cotton thread are, apparently, a reflection of the general expansion of the Canadian market. In each of the five years, 1960-64, imports were 10 per cent of total sales of thread in Canada although the value of imports rose from \$1.1 million in 1960 to \$1.6 million in 1965, an increase of more than 40 per cent.

Before 1960, finished cotton sewing thread was dutiable at 15 p.c., B.P. and 17½ p.c., plus 3¢ per pound, M.F.N. Since April 1, 1960 it has been dutiable at 15 p.c., B.P. and 20 p.c., M.F.N., essentially unchanged from the rates previously in effect. There appears to be no relationship between the volume of thread imported and the tariff changes relating to the yarns used for thread.

(1) Shipments include some crochet and embroidery cottons for household use

Representations and Proposals

In his letter of reference, the Minister of Finance directed the Tariff Board "to make a study and report ... on parts (2), (3) and (4) of item 521 in schedule A of the Customs Tariff." He also directed the Board's attention to the controversy regarding the interpretation of the word "manufacture" as it relates to this item.

The relevant parts of tariff item 521, as they existed at the time of the hearing in October 1965 are reproduced below with the present tariff item numbers shown in brackets in the left-hand column.

		<u>British Prefer- ential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>
<u>New Item Number</u>	Yarns and rovings, including threads, cords and twines, wholly of cotton:		
	For use in the manufacture of cotton sewing thread or Schiffli embroidery thread:		
(52102-1)	521(2)(a) Singles	Free	10 p.c.
(52103-1)	(b) Plied	5 p.c.	10 p.c.
	For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:		
(52104-1)	521(3)(a) Singles	Free	10 p.c.
(52105-1)	(b) Plied	5 p.c.	10 p.c.
(52106-1)	521(4) Of count seventy or finer, when imported by manufacturers for use in the manufacture of levers' lace	Free	Free
(52107-1)	521(5) Other, n.o.p.	15 p.c.	20 p.c.

Tariff item 521(5) is outside the terms of reference but is shown here because some of the products which are discussed are entered under it, for example, finished thread.

The discussion which follows deals only with the tariff items which relate to yarns for cotton sewing thread, particularly items 52102-1 and 52103-1. Tariff items 52104-1, 52105-1 and 52106-1, which relate to yarns for crochet and embroidery cottons and levers' lace, are dealt with in the later sections on these goods, as are the tariff items related to Schiffli embroidery.

In respect of yarns for cotton sewing thread, the principal issue involved the rates of duty that should apply at different stages of processing. Four producers, in a joint submission with the Canadian Textiles Institute, proposed changes in the existing tariff items the effect of which would be to make all plied yarns for cotton sewing thread, other than mercerized grey yarns, dutiable at 15 p.c., B.P. and 20 p.c., M.F.N., the same rates which apply to finished cotton sewing thread. The four companies were:

The Bell Thread Company Limited	Hamilton, Ont.
J. & P. Coats (Canada) Limited	Montreal, Que.
The National Thread Limited	Sherbrooke, Que.
Belding-Corticelli Limited	Montreal, Que.

The National Thread Limited is affiliated with J. & P. Coats (Canada) Limited.

Four of the smaller, less integrated manufacturers whose processing begins with plied yarns opposed this proposal and urged that the existing items and rates be continued without change. The four unintegrated producers were:

Allied Threads and Supplies Limited	Montreal, Que.
Canadian Sewing Supply Limited	Montreal, Que.
Kay Thread Company Limited	Montreal, Que.
Reliable Threads Limited	Montreal, Que.

Their proposal was supported by:

Alba Threads Limited	Montreal, Que.
British Spinners' and Doublers' Association	Manchester, England
Cotton Board of the United Kingdom	Manchester, England

In a letter to the Board, dated October 4, 1965, Quebec Threads Incorporated, of Montreal, urged that there be "a preferential rate of duty" for grey, plied yarns relative to bleached or dyed yarns. (p. 379) The company's interest, therefore, is for higher rates for bleached or dyed yarns than for grey.

Also, during the hearing, J. & P. Coats Limited of England and English Sewing Cotton Company Limited of England, the parent companies of J. & P. Coats (Canada) Limited and Bell Thread Company Limited, respectively, informed the Board that they dissociated themselves from the joint submission of the British Spinners' and Doublers' Association and the Cotton Board of the United Kingdom and supported the proposal of their Canadian subsidiaries.

The integrated producers proposed (p. 47) that existing tariff items 52102-1 and 52103-1 be deleted and the following be substituted:

<u>British</u> <u>Prefer-</u> <u>ential</u> <u>Tariff</u>	<u>Most</u> <u>Favoured-</u> <u>Nation</u> <u>Tariff</u>
--	---

"Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of cotton sewing thread:

(a) Singles	Free	10%
(b) Plied, mercerized and gassed, not bleached or dyed	5%	10%"

The spokesman for Belding-Corticelli noted, during the course of the hearing, that "As far as Belding-Corticelli is concerned, I believe they would be happier to have an added item 'plied, not mercerized, not bleached or dyed', at rates of 10% BP, 15% MFN." (p. 304) In effect this would provide an intermediate item for plied, unmercerized, grey yarns at lower rates than for finished thread.

Throughout the hearing the discussion involved yarns at certain stages of processing from singles to finished thread. The yarns were described as follows:

singles
plied, unmercerized, grey
plied, mercerized, grey
plied, unmercerized, bleached or dyed
plied, mercerized, bleached or dyed
cotton sewing thread

There was no controversy regarding the rates of duty for singles; all parties agreed that they should remain dutiable at Free, B.P. and 10 p.c., M.F.N., the rates under existing tariff item 52102-1; the M.F.N. rate was proposed to retain the existing margin of preference. There was also no controversy regarding the rates for plied, mercerized, grey yarns; these are dutiable at 5 p.c., B.P. and 10 p.c., M.F.N., under existing item 52103-1. The disagreement was on the tariff treatment for plied, unmercerized, grey yarns and plied, bleached or dyed yarns, whether or not mercerized, all for use in the manufacture of cotton sewing thread.

The effect of the various proposals on the rates of duty, for the yarns used in the manufacture of cotton sewing thread, is shown on the following page.

	Proposed by:			
	Integrated Companies		Unintegrated Companies (a)	
	B.P.	M.F.N.	B.P.	M.F.N.
<u>Cotton yarns for sewing thread</u>				
Singles	Free	10 p.c.	Free	10 p.c.
Plied, mercerized, grey	5 p.c.	10 p.c.	5 p.c.	10 p.c.
Plied, unmercerized, grey (b)	15 p.c.	20 p.c.	5 p.c.	10 p.c.
Plied, mercerized, bleached or dyed	15 p.c.	20 p.c.	5 p.c.	10 p.c.
Plied, unmercerized, bleached or dyed	15 p.c.	20 p.c.	5 p.c.	10 p.c.
Cotton sewing thread	15 p.c.	20 p.c.	15 p.c.	20 p.c.

(a) Their proposed rates are the existing rates

(b) Belding-Corticelli proposed 10 p.c., B.P., 15 p.c., M.F.N.

The rates of 15 p.c., B.P., 20 p.c., M.F.N. would be achieved in the proposal of the integrated producers by deleting any specific provision for these forms with the result that they would become dutiable under existing item 52107-1 as "Other, n.o.p." This proposal would result in a substantial increase in the rates for plied, unmercerized, grey yarns and plied, bleached or dyed yarns, whether or not mercerized. The rates on these would then be 15 p.c., B.P. (a threefold increase), and 20 p.c., M.F.N. (twice the existing rate).

The spokesman for the integrated producers outlined their position and the reasons for their proposals in the following terms:

"... There can be various reasons for introducing an end-use item, including the significance of a particular end-use, non-availability from Canadian sources of supply of the materials designated, or as a means of indirectly defining materials for which special tariff treatment is to be accorded ...

"In the items under review, the key words are 'for use in the manufacture of'. We submit that a rate differential should not be provided, on the ground that a material is to be used 'in the manufacture of' a designated product, unless the manufacturing operation is a significant one ... We support the principle that 'end-use' items provided for materials only when they are to be used in the 'manufacture' of products in Canada, should require a substantial degree of manufacturing.

"... We have ... suggested that the items be so worded as to apply only to materials not further advanced in manufacture than by having had certain operations performed thereon. In this way, we have set up conditions which automatically require a substantial degree of added value in Canada to convert the yarns and threads into finished form." (p. 61-65)

He noted that the only yarns for sewing thread not available from production in Canada were singles and plied, mercerized, grey yarns. Accordingly, he said, the integrated companies had accepted the existing rates under item 52102-1 for singles (Free, B.P. and 10 p.c., M.F.N.) and had adopted, for plied, mercerized, grey yarns, the existing rates under item 52103-1 (5 p.c., B.P. and 10 p.c., M.F.N.). Because both plying and wet processing facilities are available in Canada, his clients held that other plied yarns should be dutiable at the rates under existing tariff item 52107-1, for finished cotton sewing thread (15 p.c., B.P. and 20 p.c., M.F.N.).

During the discussion it was noted that the schedule of items proposed by the integrated producers would provide no differential in tariff protection for the wet processing of plied, soft yarns; in their proposal both grey and bleached or dyed plied, soft yarns would be dutiable at rates of 15 p.c., B.P. and 20 p.c., M.F.N. even though wet processing is a substantial operation in terms of the value added to grey yarns.

In this connection, their spokesman said:

"If you wish to approach the subject from a different direction and to say 'What margin of protection are you specifically affording bleaching and dyeing operations for soft yarns under your proposed schedule?' then I would have to say that our proposal does not provide a specific margin for bleaching and dyeing of soft yarns.

"If the question had been approached from this other viewpoint of looking at each process stage, without regard to whether it is performed in Canada or not, then a logical tariff structure might very well have had another item in here which could provide a rate of duty for soft yarns plied and unbleached and undyed." (p. 83)

The integrated companies and their supporters claimed that only minor operations were performed in Canada on plied, bleached or dyed yarns in converting them into finished thread and that the value added by these operations was, in their view, insufficient to warrant a tariff treatment other than as finished thread. With respect to singles yarn and mercerized grey yarn, neither of which is made in Canada, duty-free entry from all countries might seem appropriate. The spokesman for the integrated companies stated that a reason for not proposing duty-free entry was the British preferential margin and the G.A.T.T. agreement; the companies proposed leaving the existing provisions unchanged. Accordingly, the singles would remain dutiable at Free, B.P., 10 p.c., M.F.N. and the mercerized grey yarn at 5 p.c., B.P., 10 p.c., M.F.N. A spokesman for the integrated companies added:

"... from the viewpoint of the Canadian producer ... if you wanted to recommend that materials which we do not produce in Canada any more than we produce singles, namely, plied mercerized not bleached or dyed, should enter Canada free, we as producers wouldn't have any objection." (p. 103)

In explaining why he proposed rates of 15 p.c., B.P. and 20 p.c., M.F.N., for plied, bleached or dyed yarns, whether or not mercerized, and for plied, soft, grey yarns, the spokesman said "It is to encourage the bleaching and dyeing in Canada of all yarns or threads, and it is to encourage the plying in Canada of all soft threads." (p. 107) The integrated companies estimated that 50 per cent of the total capital investment in production equipment is accounted for by the twisting or plying facilities and 30 per cent in the wet processing. (p. 112) A spokesman for J. & P. Coats said "Of the labour employed -- that is, of people engaged in the mill on hourly wages -- slightly more than one third I believe, are engaged in twisting." (p. 604)

Their spokesmen estimated that imports of plied grey yarns and of bleached or dyed yarns had increased substantially between 1954 and 1964 and singles had become a smaller proportion of imports of yarn. They claimed that, under the existing tariff, one company had disposed of some of its twisting machinery abroad and another company had cancelled orders for machinery after the budget of 1964.

The four unintegrated companies urged the retention of the wording and rates of the existing tariff items. They claimed that, individually, their volume of production was insufficient to support plying and wet processing facilities and that the large capital investment required for such installations was beyond their means.

Their spokesman said that if the recommendations of the larger companies were implemented the smaller companies:

"would face an immediate increase in their costs with little or no possibility of replacing the imported materials used in the manufacture of cotton sewing thread with materials available in Canada ... There would be no resultant advantage to the economy of Canada, to the user of cotton sewing thread and no new stimulus for the development of greater facilities in Canada ... The companies faced with increased costs and with no independent sources available in Canada to provide them with the necessary materials ... would be forced to discontinue their operations ..." (p. 391)

He also said that:

"If they [the larger companies] had the benefit of a 15, 20% on bleaching and dyeing ... they would be in a position ... to refuse facilities to our clients, so that they would not be in a position to have their package dyeing done in Canada, because the independents don't do package dyeing; or else increase their prices for dyeing and bleaching in Canada to a point where we could not compete; or else the deliveries would be such that we could not operate a service to our clients." (p. 468-9)

The smaller companies insisted that the operations they were performing, or were having performed in Canada were substantial in terms of the value added to the yarns that they imported. They claimed that to the extent that facilities were available to them in Canada, their wet processing was done in Canada. They also said that

the existing tariff items provide sufficient protection for plying and bleaching and dyeing and that there was no need for progressively higher rates of duty as the processing of the yarn was advanced. In this connection they noted that the absolute amount of duty on yarn increased as its processing advanced because of the higher value at each subsequent stage. Their spokesman challenged the claims of the larger companies that they had been adversely affected by the existing tariff and added "Of course their volume would probably be greater if we were not in operation ... but surely they are not seeking to achieve that only through the application of the Customs Tariff." (p. 514)

The unintegrated producers also pointed out that since 1964 Belding-Corticelli, an important commission dyer for them, particularly for package dyeing, had become a competitor in marketing cotton sewing thread. Their spokesman claimed that the competition which the smaller companies provided in the market resulted in lower prices to the users of industrial thread and that the changes proposed in the tariff would benefit only the integrated producers by lessening the competition and increasing the cost of thread to Canadian users. (p. 391) He questioned the need for additional protection for processing yarns in Canada and challenged the suggestion that tariff considerations were the only, or even the principal, factors in the decision of two of the integrated companies to dispose of machinery or to cancel orders for machinery.

Representations by the U.K. Cotton Board and the British Spinners' and Doublers' Association also urged retention of the existing tariff items relating to yarns for the manufacture of cotton thread. The spokesman for the Cotton Board said Canada was one of Britain's main markets for cotton yarn and received about 22 per cent of all yarn exports from the United Kingdom. In referring to the proposals of the integrated companies, he compared the existing B.P. rate for plied, soft, grey yarns (5 p.c.) with the proposed B.P. rate (15 p.c.) whereas, by the same proposals, plied, mercerized, grey yarns would remain dutiable at 5 p.c., B.P. He commented on this as follows:

"It would appear illogical that yarns used as the basic raw material for soft sewings manufacture should be subjected to an import duty of 15% whilst the basic raw material for hard sewings manufacture should enter at a duty rate of 5% when identical processes of further manufacture are necessary to produce the finished thread." (p. 327)

He noted that the great bulk of the yarns exported to Canada from the U.K. (92 per cent of the total) is in the grey and therefore would require wet processing and finishing. He added:

"... the fact that a very small proportion of imports of plied unprocessed yarns from the U.K. does not require wet processing by the Canadian thread manufacturer cannot justify a threefold increase in duty on all such imports." (p. 329)

During the discussion he expressed concern that the proposed increase in the B.P. rate on plied, soft, grey yarns would result in a decline in imports of these yarns from the U.K., particularly because

of the lower price of yarns in some other countries. He said that although, by the proposals, the margin of preference on such yarns would remain unchanged at 5 p.c., "there is a possibility that ... some of the countries would be more competitive starting on a lower basis, and any increase in duty would affect the United Kingdom industry more heavily in proportion." (p. 334)

His brief concluded with the following statement:

"The points the [U.K.] industry would wish ... to emphasise are that the proposed change would be harmful to the United Kingdom as the major supplier of yarn for sewing thread, would benefit only one section of the Canadian thread industry, and its only relevance for the Canadian thread industry's customers would appear to be the prospect of rather higher prices." (p. 330)

Analysis of Representations

The producers who proposed an increase in rates import grey singles yarns and grey, mercerized plied yarns as their principal raw materials; they proposed no change in the rates of duty for these. They are in a position to ply the soft yarns which they require and for which they did propose an increase in duties.

In 1964, the latest year available from the Tariff Board's survey of thread manufacturers, the U.K. supplied 86 per cent of the singles and 82 per cent of the plied, unmercerized, grey yarns purchased by the Canadian thread companies; historically, Britain has been the principal supplier of these yarns to the Canadian market. Thus, the principal raw material supplies for the integrated companies would remain, by their proposal, duty-free or, to a lesser extent, dutiable at 5 p.c., under the B.P. Tariff.

Those manufacturers who opposed the proposed increases in duty import mainly grey, unmercerized plied yarns as the starting point of their operations. By the proposals of the first group, these plied yarns would become dutiable at 15 p.c., B.P. and 20 p.c., M.F.N.; they are now entered at rates of 5 p.c., B.P. and 10 p.c., M.F.N. In addition, the not insignificant quantities of bleached yarns which the unintegrated companies import would be subject to an increase in duties; this increase would place the companies that do wet processing on a custom basis in a better position to increase the price charged for this service.

In October 1965, plied, soft, grey yarns 40/3 ply, purchased in the U.K. at \$1.34 to \$1.41 per pound, were dutiable at 5 p.c., or about seven cents per pound. In the proposals of the larger, integrated companies, the rate of duty on imports from the U.K. would be increased to 15 p.c., or to 21 cents per pound. The proposed increase in duty is substantial when compared with the value added by plying singles yarns in Canada, estimated earlier in this report at 25 to 30 cents a pound.

From the statements made at the hearing it was evident that there is no established market for plied cotton yarns for thread in Canada. The companies which ply singles have made occasional sales of plied yarns but not as a substantial, continuous commercial venture.

Only three companies ply singles for thread in substantial quantities in Canada and two of them have a close corporate relationship. All three have been in operation for a great many years.

The wet processing of yarns was the most controversial subject discussed at the hearing. All of the larger companies have their own wet processing facilities. These companies insisted that wet processing capacity in Canada was adequate to handle all of the requirements of the thread industry. They said that many of the difficulties of obtaining bleaching or dyeing services, described by the smaller companies, were of a nature which would also be encountered by a company which owned its own dye plant.

The smaller companies represented at the hearings do not have their own bleaching or dyeing facilities. Therefore, the yarns which they import in the grey are wet processed for them by others on a custom basis. Most of the companies that wet process for the unintegrated companies are also small firms, capable only of skein dyeing; one commission dyer, Belding-Corticelli, also undertakes package dyeing for the smaller thread manufacturers and does bleaching for them. The unintegrated companies claimed that, although there are many dyers in Canada, very few have sufficient skill and experience to dye yarns for cotton sewing thread. They also claimed that they used the Canadian facilities that were available to them on satisfactory terms and imported bleached or dyed yarns only to the extent that these could not be readily wet processed in Canada.

Thus, the two groups of companies disagreed on the availability of dyeing and bleaching facilities for cotton yarn for sewing thread on a regular, satisfactory basis, on the time taken to complete orders and on other aspects of wet processing operations, including the cost of installing such facilities and the relative merits of skein dyeing and package dyeing.

The rates of duty applicable to plied yarns for thread (soft or mercerized, grey or bleached or dyed) were 5 p.c., B.P. and 10 p.c., M.F.N. from the 1940's to date, except that for a period of nine months, between June 1963 and March 1964, bleached or dyed, plied yarns were dutiable at 10 p.c., B.P. and 15 p.c., M.F.N. Thus, except for this nine month period, those who imported plied yarns for thread could enter them at the same rates of duty whether they were imported in the grey or as bleached or dyed yarns.

If, as was claimed, the existing tariff favoured the importation of plied yarns already bleached or dyed, it would be reasonable to expect a large proportion of the plied yarns that were imported to be already bleached or dyed. In fact by far the predominant part of imports of plied yarns have been in the grey, even for the imports by the smaller companies which depend on custom dyeing. For example, in 1964, about three-quarters of the plied yarns imported by the unintegrated companies represented at the hearing was in the grey. Moreover, the proportion of their total imports in the grey has increased in recent years. Of their imports of bleached or dyed yarns, 90 per cent were said to be bleached and 10 per cent were dyed; the commission dyers who are not producers of cotton sewing thread are not as well equipped for bleaching as for dyeing.

The foregoing suggests that under the existing tariff it has been advantageous to import grey yarns and have them bleached or dyed in Canada even in the face of the difficulties noted by the unintegrated companies in getting their wet processing done in Canada. In addition to whatever cost advantages there might be in importing grey yarns for wet processing, there is the advantage of being able to produce a required colour on order by dyeing the imported grey yarn rather than by attempting to carry a large stock of fairly standard colours and even then not being able to fill orders for special colours.

The controversy about what constituted "manufacture" in the processing of yarn for cotton sewing thread centered principally around the operations immediately preceding the final packaging of the finished thread. In this regard, there was considerable discussion whether a substantial value was added to yarn by the operations of the smaller companies. As noted above, by far the largest part of the yarn imported by the unintegrated companies is subjected to wet processing and finishing operations in Canada; these operations add significantly to the value of the yarn.

Looking more generally at value added by operations in Canada, the least advanced form in which cotton is imported for thread is as singles. During conversion of the yarn into cotton sewing thread, a certain amount of waste and shrinkage occurs, amounting, according to the representations, to about 11 per cent of the weight of the singles. Thus, one pound of singles would yield .89 pounds of finished thread, or about 10,000 yards of 40/3 ply, one of the most common sizes of industrial thread sold in Canada. In October 1965, singles from the U.K., laid down at Montreal cost approximately \$1.25 a pound and 10,000 yards of 40/3 ply industrial thread, wound on cones, in the less expensive colours, was priced at approximately \$2.15. In this illustration, the total amount of upgrading by Canadian manufacturers would be about 90 cents. As discussed in an earlier section, about 27 cents would be added by plying, 25 cents by wet processing and 25 cents by finishing and packaging, the remaining 13 cents being absorbed in selling expenses, profits, etc. The Board has not considered it necessary, in the context of this report and its recommendations, to establish the cost of every operation in the processing of singles to finished yarn.

OTHER COTTON YARNS

In addition to the cotton yarns for the manufacture of cotton sewing thread, dealt with above, certain other yarns and thread were part of this study. These included: yarns, rovings and threads for the manufacture of household crochet, knitting, darning and embroidery cottons; for the manufacture of Schiffli embroidery thread and, those of count seventy or finer, for the manufacture of levers' lace. These three main groupings are discussed in the sections that follow.

Crochet, Knitting, Darning and Embroidery Cottons

Tariff item 52105-1 provides for cotton yarns for the manufacture of crochet, knitting, darning and embroidery cottons to be packaged for sale at retail for household use. That is, they are only for handwork and do not include yarns for machine knitting and embroidery. In contrast to cotton sewing thread, crochet, knitting, darning, mending and embroidery cottons are almost all mercerized; they are mostly dyed in fast colours and are packaged in balls or skeins; a large proportion are cabled or corded.

Crochet and knitting cottons were said to be indistinguishable from each other. Embroidery cottons differ from crochet cottons in that they are stranded, that is, cabled loosely so that individual strands or plies can be readily separated. Embroidery cottons are put up as small skeins whereas crochet cottons are packaged as balls, as are darning or mending cottons.

It is difficult to estimate the size of the Canadian market for the cottons discussed here. Imports of the finished cottons were valued at \$324,000 in 1965. In the twelve-month period ending August 31, 1966, imports of yarns, mostly plied, for the manufacture of these cottons were valued at \$338,000; when the value added in Canada to these imports is considered, the total market in Canada for the finished cottons appears to be about one million dollars. Thus, about one-third of the market is supplied by imported finished cottons.

Because the individual retail packages contain only a small amount of cotton, and because a large proportion of these goods are mercerized, vat dyed and corded, they have a high value per pound. In 1965 the average value of imports of finished cottons was \$2.75 per pound compared with an average of \$1.87 per pound for finished cotton sewing thread.

More than three-quarters of the yarns imported for the manufacture of finished crochet, knitting, darning and embroidery cottons, in the twelve months, were from the U.S.A.; about eleven per cent was from the U.K. Imports of finished cottons have averaged around \$325,000 annually since the early post-war years, except for the period 1955-59 when they averaged \$216,000 annually. The U.S.A. has been the main source of supply of the finished threads, although its relative importance has declined somewhat in recent years as imports from Britain and, more particularly, France have increased.

Imports of Crochet, Darning and Embroidery Cottons, 1945-65

	<u>U.S.A.</u>		<u>Others</u>		<u>Total Imports</u>		
	'000 lb.	\$'000	'000 lb.	\$'000	'000 lb.	\$'000	\$ per lb.
Aver. 1945-49	165	262	30	61	195	323	1.66
Aver. 1950-54	149	285	10	46	159	331	2.08
Aver. 1955-59	101	158	13	58	114	216	1.89
Aver. 1960-64	116	190	34	132	150	322	2.14
1965	83	147	35	177	118	324	2.75

Source: D.B.S., Trade of Canada, Imports, s.c. 3014, 36417

Yarns for the manufacture of crochet and hand-knitting cottons are imported mostly in the grey whereas a large part of the yarns for embroidery cottons are imported already bleached or dyed. Thus, yarns for crochet and hand-knitting require bleaching or dyeing in Canada as well as cabling, finishing and packaging; embroidery cottons, for the most part, require only cabling, finishing and final packaging.

The primary interest in crochet and embroidery cottons was that of J. & P. Coats (Canada) Limited; The National Thread Limited was also said to be a producer of embroidery cotton. A spokesman for the companies stated that J. & P. Coats carried a range of 400 colours of embroidery thread and that National Thread carried 70. Belding-Corticelli has an interest in embroidery cottons, mainly as an importer of finished goods from France. (p. 583) Alba Thread Limited and Canadian Sewing Supply Limited are understood to produce some crochet cotton. Darning and mending cottons were said to be of negligible economic importance.

Representations and Proposals

The yarns used for the manufacture of crochet, knitting, darning and embroidery cottons are entered under existing tariff items 52104-1 and 52105-1. The Board was informed that almost all of the yarns used for these goods are mercerized and are imported in the plied, mercerized and gassed form. Therefore, existing tariff item 52105-1, which relates to plied yarns, was represented as being the effective item for imports of yarns for these goods.

Existing tariff items 52104-1 and 52105-1 follow.

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:

		<u>B.P.</u>	<u>M.F.N.</u>
52104-1	Singles	Free	10 p.c.
52105-1	Plied	5 p.c.	10 p.c.

J. & P. Coats (Canada) Limited, supported by The National Thread Company and the Canadian Textiles Institute, proposed that existing tariff items 52104-1 and 52105-1 be deleted and be replaced by an item worded as follows: (p. 47)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

		<u>B.P.</u>	<u>M.F.N.</u>
"For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:			
(a) Singles		Free	10 p.c.
(b) Plied, mercerized and gassed, not bleached or dyed		5%	10%"

By the proposed item all plied, bleached or dyed yarns would become dutiable under existing tariff item 52107-1, at rates of 15 p.c., B.P. and 20 p.c., M.F.N.; any plied, soft, grey yarns imported for use in the manufacture of these goods would also be dutiable under item 52107-1. The Board was informed that all imports of yarn for these cottons were already plied and that the proposal relating to singles "is at the present time of theoretical interest only, because the imports are in plied form." (p. 603)

J. & P. Coats (Canada) Limited was said to have the primary interest in these proposals. The spokesman for the company said that the proposed changes would encourage additional processing of yarns in Canada. He noted that yarns for embroidery cottons were being imported by J. & P. Coats already dyed and said the proposed increase in rates would force the company to wet process them in Canada if they were to qualify for entry at the lower rates of duty. In general, the arguments presented in support of the proposals of J. & P. Coats, relating to yarns for cotton sewing thread, were also presented in support of the company's proposal for yarns for crochet, darning and embroidery cottons. The company drew attention to the fact that it was consistent in its rate proposals even though, for these latter uses, the company itself could be subjected to the higher rates on a small part of its requirements of cotton yarns.

The information given at the public hearing indicates that embroidery cottons are among the most important of the cottons affected by the proposals of J. & P. Coats, which was represented as the major producer in Canada of the embroidery and the other cottons under review.

Embroidery cottons are sold in about 400 shades, only 120 of which would constitute economic dye lots. If the proposals of J. & P. Coats were implemented the company would probably wet process about 120 of the colours; the remaining 280 colours would continue to be imported as dyed yarns at the proposed higher rates of duty. On these yarns at least, therefore, the immediate impact would seem to be simply an increase in the cost of the yarns to users in Canada. On some of the other yarns for embroidery, crochet, knitting and darning, J. & P. Coats (Canada) Limited expected some advantage from the proposed higher rates in part because of the similarity of some of these yarns to those for cotton sewing thread.

Yarns and Threads for Schiffli Embroidery

Schiffli embroidery is ornamentation applied by needlework to a fabric by the use of a Schiffli embroidery machine. The operation of a Schiffli machine was described as follows in the Report on Reference 125. (p. 158)

"These are machines having a large number of needles and shuttles, the number varying with the length of the machine. For example, there are 684 needles and shuttles in the 10 yard Schiffli machine ...

"The needles and shuttles are arranged in two banks. Thus, a ten-yard machine can embroider two pieces of cloth ten yards long at the same time ...

"The needles penetrate the fabric on which the embroidery is being done, while a shuttle at the back of the fabric ties the loop of thread from each needle directly into the cloth."

Schiffli embroidery is sold in widths varying from one-eighth inch to 72 inches. The narrower widths would be used to attach to a garment for ornamentation; the wider fabrics would constitute the fabric of the garment itself. Guipure lace is Schiffli embroidery which has been applied to a special fabric which is then dissolved to leave the lace pattern.

The Board was informed, at the public hearing, that there were ten companies in Canada which produced Schiffli embroidery; they operated a total of 65 Schiffli machines. Montreal Swiss Embroidery Works Limited, of Montreal, Quebec, the only company individually represented at the hearing, was reported to be one of the largest manufacturers of Schiffli embroidery in Canada, with eighteen machines. The other companies were concentrated in the Montreal and Toronto areas. The available information suggests that Schiffli embroidery manufacturers ordinarily use less than 200,000 pounds of cotton yarns annually. However, the demand for Schiffli embroidery is closely related to changes in styles and may vary substantially from one year to the next. The industry's dependence on changes in style results in a demand for a large variety of colours and shades of yarns in many counts. The spokesman for the Schiffli manufacturers said "Dye lots would range from between fifty to one hundred pounds of a shade, and we will order five hundred shades in a year ..." (p. 639)

The yarns used for cotton Schiffli embroidery must be wound on special tubes or bobbins for use in Schiffli machines. The yarns have the same direction of twist as weaving yarns and, therefore, an opposite twist to that used in yarns for cotton sewing thread. Schiffli front yarns are usually mercerized; the back yarns are usually unmercerized. Schiffli front yarns are mostly coarser than count 60; the back yarns are almost all 70 and finer.

At the public hearing it was said that back yarns account for 20 to 25 per cent of imports by Schiffli embroidery manufacturers and that they are usually of count 80/2 ply. Front yarns were said to be mostly 40/2 ply and 20/2 ply.

Yarns of count 70 or finer, which would include all of the counts of back yarns ordinarily used in Schiffli embroidery, are not made in Canada. They are customarily imported from the U.S.A., already wound on Schiffli bobbins and, therefore, dutiable at 20 p.c., M.F.N., under tariff item 52107-1. The plied, mercerized front yarns were said to be imported mainly on cones; they are rewound in Canada onto Schiffli tubes and, therefore, qualify for entry under existing tariff item 52103-1 at 10 p.c., M.F.N., when imported from the U.S.A., the predominant, if not the only, source of supply. All of the front and back yarns would be plied when imported.

Representations and Proposals

Schiffli embroidery yarns would be entered under existing tariff items 52102-1, if singles, and 52103-1, if plied. Because all Schiffli yarns are plied, only tariff item 52103-1 would apply. Existing tariff items 52102-1 and 52103-1 are worded as follows:

Yarns and rovings, including threads, cords and twines,
wholly of cotton:

For use in the manufacture of cotton sewing thread or Schiffli embroidery thread:

		<u>B.P.</u>	<u>M.F.N.</u>
52102-1	Singles	Free	10 p.c.
52103-1	Plied	5 p.c.	10 p.c.

Montreal Swiss Embroidery Works Limited, on its own behalf and that of the Schiffli Embroidery Manufacturers Association of Canada, proposed that the provisions of the relevant parts of tariff items 52102-1 and 52103-1 be continued "with a change in wording for clarification and greater certainty." (p. 624) The wording of the proposed tariff item follows.

Yarns and rovings, including threads, cords and twines,
wholly of cotton:

"To be put up on Schiffli packages, for use in the embroidery of Schiffli embroideries" (p. 48)

The rates proposed were those of existing tariff item 52103-1, 5 p.c., B.P. and 10 p.c., M.F.N. The Canadian Textiles Institute supported the proposals of the Schiffli embroidery manufacturers.

There was no opposition to the wording or rates of the proposed tariff item.

Schiffli embroidery, made of cotton, is entered under existing tariff item 56610-1 at rates of 10 p.c., B.P. and 12½ p.c., M.F.N., lower rates than apply to the yarns used in their manufacture, if already wound on Schiffli tubes.

In support of their proposals, the Schiffli embroidery manufacturers said they ordinarily require a very large range of colours and counts of yarn and thread and that the individual lots which they purchase are so small that no Canadian manufacturer was interested in supplying them. The spokesman for the Canadian Textiles Institute, speaking in support of the Schiffli embroidery manufacturers, said:

"... the packages are so tiny, the colour variation is so great ... nobody has been found who was interested in making it in Canada." (p. 640-1)

He later added:

"They [Canadian producers] found the demands of ... the Schiffli Embroidery Manufacturers, were so utterly fragmented that it was economically impossible to try to satisfy them." (p. 641)

Thus, manufacturers of Schiffli embroidery must import all of their yarns. The back yarns originate mainly in the U.S.A. already wound on Schiffli tubes and are therefore dutiable at 20 p.c. The front yarns are also imported mainly from the U.S.A. However, because the latter are usually rewound in Canada onto Schiffli tubes, they qualify for entry under existing tariff item 52103-1 and are dutiable at 10 p.c., M.F.N. The finished cotton Schiffli embroidery with which Canadian manufacturers compete, as noted above, is entered at rates of 10 p.c., B.P. and $12\frac{1}{2}$ p.c., M.F.N.

During the public hearing, the question arose whether the Schiffli manufacturers would not find it advantageous to import all of their yarns free of duty. In the course of the discussion which ensued the following exchange occurred:

Q. "Now that you have said what you have ... I am amazed that your proposal ... was not for free entry.

A. "... we proposed an item with the existing duty rates. I think Mr. Springer a spokesman for the Schiffli manufacturers would be delighted to have free entry, certainly in the area of the back threads of count seventy and finer ..." (p. 642)

Later in the hearing the statement was made that:

"The Schiffli embroidery people would be very pleased to have all Schiffli embroidery yarns brought into Canada free of duty, since, as I said before, there has been no availability of supply from Canadian sources." (p. 660)

In effect these statements constituted a change in the rates proposed for Schiffli embroidery yarns and threads, from the first proposal of 5 p.c., B.P. and 10 p.c., M.F.N., to free entry under both the B.P. and M.F.N. Tariffs. Accordingly, the spokesman for the Canadian Textiles Institute undertook to report to the Board whether the Institute and some of the thread manufacturers had any objection to such a change. The Board wrote to a number of other manufacturers who might be interested in the changed proposal to find if any opposed the change; none of these companies made any objections known to the Board.

The Canadian Textiles Institute, in a letter dated November 30, 1965, commented (in part) as follows:

"... the Canadian Textiles Institute would not object to free entry being provided for yarns 70 or finer for use in the embroidering of Schiffli embroideries.

"With respect to the front yarns which now enter under item 521(2), I was asked by the Board why the existing rates of 5% B.P., 10% M.F.N. had been proposed rather than there having been a request for free entry ... This matter has also been discussed with interested members of the Canadian Textiles Institute. The same reasons that led to approval of the proposal that the front yarns be dutiable at 5% B.P., 10% M.F.N., instead of the duty rates normally applicable to cotton yarns,

would equally justify free entry. I am therefore instructed to advise you that the Canadian Textiles Institute would not object to a proposal that such yarns be permitted free entry."

The letter continued that this agreement did not express approval of a general provision of free entry for all yarns for use in the manufacture of Schiffli embroideries but only for those "to be put up on Schiffli packages for use in the embroidering of Schiffli embroideries." Yarns for hemming, for example, would be excluded from the provision.

The Institute observed further:

"Should the Board desire to recommend free entry for all threads for use in the embroidering of Schiffli embroideries, we would for the reasons referred to above suggest that the back yarns which are already put up on Schiffli packages at the time of importation be provided for separately from the front yarns where putting up on Schiffli packages is an operation performed in Canada, and that in each case the reference be to the 'embroidering of' Schiffli embroideries rather than merely to the 'manufacture of' Schiffli embroideries."

Thus, the Institute took no objection to the proposed free entry either of the coarse front yarns or the finer back yarns provided the restriction to embroidering of Schiffli embroideries was explicit. This suggested separate provision for front and back yarns would permit the proposed wording, "To be put up on Schiffli packages" to continue to apply to the front yarns, whereas, for the back yarns only the phrase "for use in the embroidery of Schiffli embroideries" would be applicable.

Cotton Yarn for Levers' Lace

Cotton yarn for levers' lace is of special quality made according to particular specifications generally in counts of 60, 70 and finer. Initially, levers' lace was made in Canada from Egyptian fine combed and gassed cotton yarns. In 1951, the only Canadian manufacturer of levers' lace, the Nalpac Company, of Montreal, Quebec, began to make lace with man-made fibres such as nylon, acetate and viscose, and by 1956, 95 per cent of this lace was made from man-made fibres produced in Canada. In 1965, cotton levers' lace continued to be a small part of the company's total sales.

While a variety of counts of thread are used in the manufacture of levers' lace, thread of count 60 is used to a greater extent than all other counts combined. (p. 35) Thread of this count is made in Canada but Nalpac purchases all thread of count 60 in the U.S.A. Repeated questioning during the hearing failed to establish what qualities the Canadian thread of count 60 lacked that made it unsuited for use in Nalpac's machines. The spokesman for Nalpac indicated that total purchases of cotton thread by Nalpac were very small. (p. 14)

Representations and Proposals

Yarns and threads of count 70 or finer for use in the manufacture of levers' lace are entered under existing tariff item 52106-1 (formerly 521(4)), free of duty under both the British Preferential Tariff and the Most-Favoured-Nation Tariff; yarns and threads coarser than count 70, for the same use, are entered under tariff item 52107-1, at rates of 15 p.c., B.P. and 20 p.c., M.F.N. Item 52107-1 is outside the terms of Reference 135.

The relevant items are worded as follows:

Yarns and rovings, including threads, cords and twines, wholly of cotton:

	<u>B.P.</u>	<u>M.F.N.</u>
52106-1 Of count seventy or finer, when imported by manufacturers for use in the manufacture of levers' lace	Free	Free
52107-1 Other, n.o.p.....	15 p.c.	20 p.c.

At the public hearing, in October 1965, The Nalpac Company proposed that the wording and rates of duty of tariff item 52106-1 be retained. (p. 18) The proposal was supported by the Canadian Textiles Institute, The Bell Thread Company Limited, J. & P. Coats (Canada) Limited and The National Thread Limited. (p. 42)

The proposal of the Nalpac Company was not opposed.

In support of its proposal, the Nalpac spokesman said that cotton levers' lace is entered at relatively low rates of duty (10 p.c., B.P. and 12½ p.c., M.F.N.) under tariff item 56610-1 and it was, therefore, essential for the company to obtain its cotton yarns and thread as cheaply as possible in order to meet foreign competition for the finished product. He said that yarns and threads of count 70 and finer were not made in Canada and therefore no Canadian producing interest was involved in Nalpac's proposal for these goods.

During the questioning the spokesman for Nalpac confirmed that the company uses more thread of count 60 than it does of all others; although thread of count 60 is made in Canada, the company had not been successful in obtaining thread of this count suitable for its own use, apparently because its requirements of particular types and quality are so small that no company is interested in supplying them. (p. 35)

The Board inquired why Nalpac was not proposing free entry for yarns of count 60 or, indeed, for all yarns used for levers' lace. In reply Nalpac's spokesman said:

"The reason is ... that they [the thread industry] have the capacity to make 60 and coarser ... so we confine ourselves to that range beyond the industry ...

"... this being a statutory item I wouldn't like to advocate a permanent item that would erode the protection of the mills that would make it;" (p. 25)

As noted above, the quantity of threads of count 60 used by Nalpac exceeds its use of all other counts combined. Because Nalpac purchases all threads of count 60 in the U.S.A., it pays the M.F.N. duty of 20 p.c. on more than one-half of its cotton thread requirements. The company's protection on finished cotton levers' lace is 10 p.c., B.P. and $12\frac{1}{2}$ p.c., M.F.N., a considerably lower M.F.N. rate of duty than it pays on most of the yarns and threads which it uses in the manufacture of cotton levers' lace. The company's proposal to confine its end-use privilege to count 70 or finer was to avoid conflict with suppliers of coarser thread in Canada even though apparently it is uneconomic for them to try to supply Nalpac's requirements.

SUMMARY AND CONCLUSIONS

This inquiry deals mainly with cotton yarns for use in the manufacture of cotton sewing thread. It deals also with yarns for use in the manufacture of crochet, knitting, darning and embroidery cottons for household use and with yarns and threads for use in the machine manufacture of embroidery and lace.

Tariff items 52102-1 and 52104-1 provide for "singles"; these are not produced in Canada and are the basic materials for the earliest stage of manufacture carried out in Canada. Tariff items 52103-1 and 52105-1 provide for "plied yarns and rovings, including threads..." and have been interpreted to mean all plied yarns or threads, wholly of cotton, for the manufacture of cotton sewing thread, Schiffli embroidery thread and embroidery and other cottons at any stage of manufacture prior to the condition of finished thread.

The cotton thread industry in Canada is divided roughly into two groups of companies, each of which produces finished thread and neither of which produces yarns for sale at intermediate stages. All companies are located in and around Montreal and Toronto, the principal textile and clothing manufacturing centers.

The first group, the integrated manufacturers, consists of three firms which are equipped to ply singles and have facilities for bleaching, dyeing and finishing industrial threads; two of them, in addition to producing industrial thread, produce and package threads and cottons for the retail trade. The companies of this group produce most of the cotton sewing thread which they sell by processing singles yarn through the various stages for which they have facilities; in addition, they process imported plied grey mercerized yarns which are not produced in Canada; they depend to a small extent on imports of other plied yarns at various stages of manufacture to complete their lines. Capital investment for the three broad stages of manufacture which these firms carry on appears to be in the following proportions: Flying -- 50%; Bleaching and dyeing -- 30%; Finishing, including packaging -- 20%.

The second group, the unintegrated manufacturers, imports plied yarns for further processing in Canada; about three quarters of these are imported in the grey and are custom bleached or dyed in Canada. Imports of bleached or dyed yarns by this group appear to be largely bleached, rather than dyed. With one minor exception, they produce only industrial threads. In addition to importing yarns, this group imports a considerable quantity of finished threads.

It appears that in the field of industrial thread, there is an advantage in having the dyeing process done locally to produce the exact shade required. This enables companies to carry a relatively small inventory of grey yarns as against a large inventory of thread of many colours and counts.

The product common to all the Canadian manufacturers is cotton sewing thread for industrial use. Since the manufacture of singles and the gassing and mercerizing processes are not carried out in Canada and there is no domestic sale of yarns at intermediate

stages, all producers must rely entirely on imported yarns at the stage of manufacture suited to their domestic processes.

Finishing operations are carried out by all producers.

The manufacturing processes applied to yarns by Canadian producers appear to be rather distinctly divided into three main stages as follows:

PLYING of imported singles -- no spinning of singles for the manufacture of cotton sewing thread is done in Canada. The plying process includes processing of imported singles and, depending on the state in which they are imported, appears to add some twenty to thirty per cent of the value of singles.

BLEACHING AND/OR DYEING of domestically plied soft yarn and imported soft and mercerized plied yarns -- no mercerizing is done in Canada. These processes, commonly known as "wet processing", usually add from twenty per cent to approximately fifty per cent of the value of singles; some types of dyeing are even more costly.

FINISHING AND PACKAGING of domestic and imported bleached and/or dyed yarns; the operations include some or all the following -- precision winding, polishing, glazing, lubricating or waxing, spooling, labelling and packaging. The finishing and packaging processes for industrial use may add from twenty per cent to fifty per cent of the singles value; for the retail trade, they may add from one hundred to six hundred per cent of the value of singles, the higher cost reflecting principally the higher labour and package cost for retail.

Thus, by far the largest part of the cotton sewing thread of domestic manufacture does have a significant amount of value added by the operations performed in Canada.

The three most integrated producers proposed that the provisions for lower rates of duty for yarns for use in the manufacture of cotton sewing thread be restricted to singles and to mercerized grey plied yarns, neither of which is available from production in Canada; soft plied yarns and all bleached or dyed yarns, by the proposal of these companies, would be dutiable at the same rates as finished cotton sewing thread. This proposal was opposed by the less integrated producers who stated that, if adopted, it would either eliminate them or reduce their area of activity to selling imported threads. They also claimed that the implementation of the proposal could have the effect of increasing prices of all cotton sewing threads for industrial uses.

The less integrated producers requested the retention of the present tariff wording and rates of duty. They submitted that they rendered an important service in the industrial thread market and that their entry into this market had resulted in a lowering of prices. This submission is supported by the fact that they have succeeded in capturing a substantial share of this market. They stressed the difficulty of obtaining satisfactory services in custom bleaching and dyeing, and said it would be uneconomic for each to provide its own facilities for these processes.

In his letter of reference, the Minister referred specifically to the controversy regarding the interpretation of the word "manufacture" in the tariff item providing for yarns and threads wholly of cotton, particularly in respect of what operations should be performed or what percentage of value should be added in order to constitute the "manufacture" of cotton sewing thread.

The Board is of the opinion that setting a percentage of value added as a criterion of manufacturing would be a source of controversy and most difficult to administer. Consequently, the Board has attempted to resolve the issue by recommending rates of duty to apply after certain specific stages of manufacture; imported yarns and threads would thus become dutiable at different rates depending on their condition when imported.

The tariff for finished cotton sewing thread is not before the Board. Thus, the Board can only recommend rates of duty on yarns for use in the manufacture of cotton sewing thread at various stages of process with a view to providing reasonable protection for the three broad stages of manufacture.

Considering the volume of imports of plied yarn by the less integrated producers, one might wonder why some of these requirements are not supplied by the more integrated producers. The integrated producers stated that they had the manufacturing capacity to supply this market. If they did supply this market, their production of plied yarns could be increased by a very substantial amount. It would appear that the existing rates of duty provide effective protection for the domestic process of plying and that the Canadian producers of grey plied yarns, whose imports of singles are mainly from British preferential sources, have some advantage in both price and proximity to markets. However, although some grey plied yarns have been sold to the less integrated manufacturers, such sales have been rare and usually in exceptional circumstances.

While imports of grey plied yarns have been a substantial percentage of total imports of yarns for the manufacture of cotton sewing thread, the Board is of the opinion that in present circumstances additional tariff protection on grey plied yarns should not be recommended. The imports appear to result from the pattern of domestic manufacture and trade, rather than from a lack of adequate protection for the plying process.

The interpretation of existing tariff item 52103-1 with respect to bleached or dyed yarns for the manufacture of cotton sewing thread has led to considerable controversy. The more integrated producers consider that the tariff structure gives the less integrated manufacturer the opportunity of importing almost finished threads under the item providing for plied yarns. It is quite true that they have the same opportunity, but imports at the more advanced stages of manufacture would result in less use of their equipment and a consequent increase in unit cost.

Considering the overall protection for each of the three principal processes performed in Canada -- plying, bleaching or dyeing and finishing and packaging -- it appears that in the existing tariff the effective protection for the bleaching and dyeing operations is

not commensurate with that available for each of the other two operations.

In view of this, the Board is recommending three tariff items providing for yarns for use in the manufacture of cotton sewing threads. The first provides for singles, the second for plied yarns not further processed than mercerized and the third for plied yarns not further processed than bleached or dyed.

The Board's recommended items for yarns for the manufacture of cotton sewing thread apply also to yarns for use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use. These yarns are of much less commercial importance than those for sewing; no particular controversy arose concerning them and there seems to be no reason to provide differently for them than for yarns for cotton sewing thread, to which they are closely related.

In regard to the yarns and threads for use with Schiffli machines and Levers' looms, the Board was informed that practically all are imported as finished or virtually finished thread. The small requirements, different construction, range of colours, finishing and, in some cases, special packaging, have discouraged domestic producers from competing in this market. Consequently, the imposition of a tariff would not provide protection for the Canadian industry but would be an additional cost in the Canadian production of machine-made embroidery and lace. Therefore, the Board is recommending free entry for such yarns and threads at all stages of manufacture. For cotton thread coarser than count seventy for the manufacture of levers' lace and for cotton thread imported already put up for use with Schiffli machines, the Board's recommended item would attract a small amount of thread from existing item 52107-1, which is outside the terms of this Reference.

In regard to cotton yarns for use in the manufacture of cotton sewing thread and cottons packaged for household use, the Board is recommending the following:

A reduction of five percentage points in the most-favoured-nation rate on singles.

No change in rates on grey plied yarns.

An increase of five percentage points in both the British preferential and most-favoured-nation rates on bleached or dyed yarns.

For cotton yarns or threads for use with Schiffli machines or Levers' looms and for yarns for the manufacture of such threads the Board recommends free entry under both the British Preferential and Most-Favoured-Nation Tariffs.

RECOMMENDED SCHEDULE

That the following tariff items, enumerations of goods and rates of duty be deleted by amendment of Schedule A of the Customs Tariff: 52102-1, 52103-1, 52104-1, 52105-1, 52106-1 and that Schedule A to the Customs Tariff be further amended by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
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Yarns and rovings, including threads,
cords and twines, wholly of cotton:

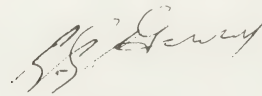
For the manufacture of cotton
sewing thread; or for the manu-
facture of crochet, knitting,
darning or embroidery cottons
to be packaged for sale at
retail for household use:

I	Singles	Free	5 p.c.	20 p.c.
II	Plied, not further processed than mercerized or gassed	5 p.c.	10 p.c.	20 p.c.
III	Plied, not further processed than bleached or dyed	10 p.c.	15 p.c.	20 p.c.

Yarns and rovings, including threads,
cords and twines, wholly of cotton:

IV	For use with Schiffli machines or Levers' looms in the manufacture of embroidery or lace or for the manufacture of yarns and threads so used	Free	Free	20 p.c.
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Second Vice-Chairman


Member


Member

Ottawa, February 1, 1967

NOTES ON RECOMMENDED ITEMS

relating to yarns and rovings for use in the manufacture of certain products

Recommended Item I

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For the manufacture of cotton sewing thread; or for the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use

I Singles

Free

5 p.c.

20 p.c.

Recommended Item I would provide for practically all the goods now entered under existing items 52102-1 and 52104-1 with continued free entry under the British Preferential Tariff and a reduction of five percentage points in the M.F.N. rate.

Singles yarns are not produced in Canada and about ninety per cent of imports have been from Britain. There is no indication that a change in the preference would stimulate imports of singles from M.F.N. countries; however, imports of plied yarns from M.F.N. sources have been considerable and in the opinion of the Board the differential in rates between singles and plied should be the same under both Tariffs.

Throughout the Recommended Items a uniform general rate of 20 per cent is recommended.

Recommended Item II

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For the manufacture of cotton sewing thread; or for the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use

II Plied, not further processed than mercerized or gassed

5 p.c.

10 p.c.

20 p.c.

Recommended Item II would provide for most of the plied yarns now imported under items 52103-1 and 52105-1, with no change in the B.P. and M.F.N. rates of duty. Most imports of plied yarns are in the grey and are unmercerized. These and the mercerized or gassed yarns would be admitted under the item if not bleached or dyed or otherwise further processed.

Recommended Item III

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For the manufacture of cotton sewing thread; or for the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use

III Plied, not further processed than bleached or dyed

10 p.c.

15 p.c.

20 p.c.

Recommended Item III would provide for most of the bleached or dyed yarns entered under existing items 52103-1 and 52105-1. The bleached or dyed yarns imported for Schiffli embroidery thread, now dutiable under item 52103-1, are provided for in Recommended Item IV.

This recommendation for plied yarns not further processed than bleached or dyed is made to provide additional protection for the domestic process of bleaching or dyeing of cotton yarns for the manufacture of cotton sewing thread. There were complaints of lack of readily available facilities. The additional protection might encourage the establishment of more such facilities in Canada.

In addition the provision for slightly higher rates than those provided for grey plied yarns tends to divide more systematically the overall protection provided by the rates of duty on finished threads, giving each of the three main divisions of manufacture in Canada approximately the same effective protection.

Recommended Item IV

Yarns and rovings, including threads, cords and twines, wholly of cotton:

IV For use with Schiffli machines or Levers' looms in the manufacture of embroidery or lace or for the manufacture of yarns and threads so used

Free

Free

20 p.c.

This recommended item would provide for the cotton yarns and threads now imported under tariff items 52102-1, 52103-1 and 52106-1 for use with Schiffli embroidery machines or Levers' looms or for the manufacture of such yarns or threads; it would also provide for small quantities of thread now being entered under item 52107-1. These yarns and threads are usually imported; the market in Canada has not been large enough to encourage the domestic manufacture of the types of yarns and threads required for the machine manufacture of embroidery or lace.

NOTES ON EXISTING ITEMS

relating to yarns and rovings for use in the manufacture of certain products; former tariff item numbers are given in brackets under the present number.

Existing Items 52102-1, 52103-1, 52104-1 and 52105-1

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of cotton sewing thread or Schiffli embroidery thread:

52102-1	Singles		
(521(2)(a))			
	Free	10 p.c.	15 p.c.

52103-1	Plied		
(521(2)(b))			
	5 p.c.	10 p.c.	20 p.c.

For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:

52104-1	Singles		
(521(3)(a))			
	Free	10 p.c.	15 p.c.

52105-1	Plied		
(521(3)(b))			
	5 p.c.	10 p.c.	20 p.c.

Most of the singles now provided for in items 52102-1 and 52104-1 would be attracted to Recommended Item I at the existing B.P. rate and an M.F.N. rate of 5 p.c. Singles for the manufacture of cotton sewing thread are not spun in Canada and there are few imports of singles for crochet, knitting, darning or embroidery cottons. Singles imported under item 52102-1 for Schiffli embroidery thread would be attracted to Recommended Item IV.

Imports of singles, all under tariff item 52102-1 and all, or nearly all, for the manufacture of cotton sewing thread were valued at approximately \$2 million in 1966; nearly ninety per cent was entered under the B.P. Tariff.

Those plied yarns now entered under item 52103-1 for the manufacture of cotton sewing thread and all plied yarns under item 52105-1 would be entered under Recommended Item II, if not further processed than mercerized, with no change in the B.P. and M.F.N. rates of duty. Similarly, plied yarns, bleached or dyed but not further processed, would be entered under Recommended Item III at rates of 10 p.c., B.P. and 15 p.c., M.F.N. Plied yarns now imported under item 52103-1, for the manufacture of Schiffli embroidery thread, would be entered duty-free under Recommended Item IV.

Imports of plied yarns under tariff items 52103-1 and 52105-1, in total, were valued at about \$4 million in 1966, about 60 per cent from M.F.N. countries. Imports of bleached or dyed yarns under these items appear to have been fairly small, particularly those from B.P. countries. The resulting increase in duties on bleached or dyed yarns, therefore, would affect principally the relatively small importations from M.F.N. countries.

The Board has made no provision explicitly for cotton yarns further processed than bleached or dyed. They would be dutiable at rates of 15 p.c., B.P., and 20 p.c., M.F.N. under tariff item 52107-1, as is finished cotton sewing thread.

Existing Item 52106-1

Yarns and rovings, including threads, cords and twines wholly of cotton:

52106-1 Of count seventy or finer, when imported by manufacturers
(521(4)) for use in the manufacture of levers' lace

Free

Free

25 p.c.

Under the Board's recommendation, the goods covered by this item would be provided for in Recommended Item IV with continued free entry under the B.P. and M.F.N. Tariffs. Imports under this item have been very small.

APPENDIX ISTATISTICAL TABLES

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Table 1

Imports of Yarns and Rovings, Including Threads, Cords and Twines,
Wholly of Cotton, by Tariff Item and Principal Country of Origin.

October 1965 to September 1966

	<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u> \$'000	<u>Duty</u> <u>Collected</u>
(A) For the manufacture of cotton sewing thread or Schiffli embroidery:			
<u>Singles</u>			
(Tariff Item 52102-1)			
United Kingdom	1,675	10	*
United States	152	152	16
Yugoslavia	28	28	3
Other	<u>19</u>	<u>19</u>	<u>2</u>
Total	1,874	209	21
<u>Plied</u>			
(Tariff Item 52103-1)			
United Kingdom	1,420	1,418	71
United States	1,421	1,421	143
Israel	264	264	26
Yugoslavia	290	290	29
Other	<u>97</u>	<u>97</u>	<u>10</u>
Total	3,493	3,491	279
(B) For use in the manufacture of household crochet, knitting, darning or embroidery cottons:			
<u>Singles</u>			
(Tariff Item 52104-1)			
United States	1	1	*
Total	1	1	*
<u>Plied</u>			
(Tariff Item 52105-1)			
United Kingdom	38	38	2
United States	303	303	34
Other	<u>66</u>	<u>66</u>	<u>8</u>
Total	406	406	45

Table 1
(Cont'd)

	<u>Total Value</u>	<u>Dutiable Value</u> \$'000	<u>Duty Collected</u>
(C) Count seventy or finer for manufacture of levers' lace			
(Tariff Item 52106-1)			
United Kingdom	20	-	-
United States	<u>9</u>	<u>2</u>	<u>*</u>
Total	29	2	*
(D) Other, n.o.p.			
(Tariff Item 52107-1)			
United Kingdom	167	167	25
United States	3,267	3,265	652
Portugal	34	34	7
U.A.R. - Egypt	179	179	35
Other	<u>778</u>	<u>778</u>	<u>154</u>
Total	4,424	4,422	872

Source: Dominion Bureau of Statistics

Table 2

Imports of Cotton Yarns for Sewing Thread by Principal Country of Origin
and Kind, Reported by Manufacturers of Cotton Thread,
1961-64

	Grey		Bleached or Dyed		Total		Bleached or Dyed as per cent of total	
	lb.	\$	lb.	\$	lb.	\$	Qty.	Value
<u>1961</u>								
United Kingdom	1,669,838	2,258,735	230,943	405,914	1,900,781	2,664,649	12.1	15.2
United States	1,004,674	1,482,903	94,481	168,301	1,099,155	1,651,204	8.6	10.2
Other	34,000	52,360	16,000	28,670	50,000	81,030	32.0	35.4
Total	2,708,512	3,793,998	341,124	602,885	3,049,636	4,396,883	11.2	13.7
<u>1962</u>								
United Kingdom	1,903,160	2,408,437	299,218	492,346	2,202,378	2,900,783	13.6	17.0
United States	1,030,249	1,617,756	96,486	159,312	1,126,735	1,777,068	8.6	9.0
Other	58,065	82,510	46,099	75,250	104,164	157,760	44.3	47.7
Total	2,991,474	4,108,702	441,803	726,908	3,433,277	4,835,610	12.9	15.0
<u>1963</u>								
United Kingdom	2,478,480	2,990,397	174,112	286,311	2,652,592	3,276,708	6.6	8.7
United States	549,484	865,916	136,096	233,822	685,580	1,099,738	19.9	21.3
Other	131,628	167,377	114,001	193,097	245,629	360,474	46.4	53.6
Total	3,159,592	4,023,690	424,209	713,230	3,583,801	4,736,920	11.8	15.1
<u>1964</u>								
United Kingdom	2,834,953	3,649,002	120,203	203,237	2,955,156	3,852,239	4.1	5.3
United States	612,234	983,076	141,279	252,883	753,513	1,235,959	18.7	20.5
Other	118,196	153,372	140,746	216,392	258,942	369,764	54.4	58.5
Total	3,565,383	4,785,450	402,228	672,510	3,967,611	5,457,960	10.1	12.3

Source: Tariff Board Survey

Table 3

Imports: Cotton yarns, singles, not finer than 20, s.c. 3005^(a)

Tariff Items 521(1) and 521(3)(a)

Year	<u>Total Imports</u>		<u>Average</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>	<u>Duty</u> <u>Collected</u>	<u>Duty as</u> <u>p.c. of</u> <u>Dutiable</u> <u>Value</u>
	lb.	\$	\$/lb.	\$	\$	%
<u>1. Total</u>						
1960	951,339	669,542	.70	495,318	76,856	15.5
1961	1,482,724	1,069,843	.72	908,490	153,541	16.9
1962	2,483,914	1,510,611	.61	1,344,451	231,406	17.2
1963(b)	2,432,425	1,456,305	.60	1,416,254	247,536	17.5
1964	1,693,639	1,068,274	.63	1,062,051	184,817	17.4
1965	2,725,406	1,623,917	.60	..	..	..
<u>2. United Kingdom</u>						
1960	151,531	127,503	.84	7,784	972	12.5
1961	180,200	152,797	.85	22,425	2,767	12.3
1962	194,417	146,705	.75	5,455	708	13.0
1963	23,156	13,032	.56	124	15	12.1
1964	19,265	15,024	.78	8,801	1,298	14.7
1965	41,239	25,480	.62	..	..	..
<u>3. United States</u>						
1960	494,969	370,415	.75	315,910	48,708	15.4
1961	749,393	611,555	.82	580,574	97,797	16.8
1962	340,128	276,311	.81.	251,401	42,475	16.9
1963	271,724	227,809	.84	205,713	36,018	17.5
1964	295,743	215,600	.73	215,600	38,711	18.0
1965	301,510	205,567	.68	..	..	..
<u>4. France</u>						
1960	181,286	103,941	.57	103,941	17,000	16.4
1961	35,373	25,195	.71	25,195	4,409	17.5
1962	10,554	12,954	1.23	12,954	2,231	17.2
1963	5,271	2,778	.53	2,778	486	17.5
1964	3,970	3,680	.93	3,680	630	17.1
1965	8,056	5,037	.63	..	..	..

Table 3
(Cont'd)

<u>Year</u>	<u>Total Imports</u>		<u>Average Value \$/lb.</u>	<u>Dutiable Value \$</u>	<u>Duty Collected \$</u>	<u>Duty as p.c. of Dutiable Value %</u>
	<u>lb.</u>	<u>\$</u>				
<u>5. Italy</u>						
1960(a)	26,504	21,624	.82	21,624	2,274	10.5
1961	98,667	53,425	.54	53,425	8,838	16.5
1962	130,747	70,947	.54	70,947	12,414	17.5
1963(b)	98,736	48,018	.49	48,018	8,405	17.5
1964	140,472	63,005	.45	63,005	11,019	17.5
1965	161,221	73,534	.46	..	..	..
<u>6. Portugal</u>						
1960(a)	2,364	1,122	.47	1,122	201	17.9
1961	190,552	110,104	.58	110,104	19,268	17.5
1962	981,361	578,114	.59	578,114	99,268	17.2
1963(b)	590,472	384,469	.65	384,469	67,236	17.5
1964	570,268	395,571	.69	395,571	68,953	17.4
1965	1,249,061	817,685	.65	..	..	..
<u>7. Israel</u>						
1960(a)	34,930	14,450	.41	14,450	2,529	17.5
1961	48,407	20,321	.42	20,321	3,615	17.8
1962	685,999	346,275	.50	346,275	60,604	17.5
1963(b)	973,339	533,741	.55	533,741	93,474	17.5
1964	139,086	81,491	.59	81,491	14,091	17.3
1965	151,075	87,820	.58	..	..	..
<u>8. Greece</u>						
1960-61	-	-	-	-	-	-
1962	53,421	30,704	.57	30,704	5,365	17.5
1963(b)	426,951	225,774	.53	225,774	39,152	17.3
1964	333,808	202,155	.61	202,155	35,371	17.5
1965	181,146	95,429	.53	..	..	..

(a) Class established April 1, 1960; beginning in 1964 renumbered as s.c. 364-45

(b) Class description changed to "Cotton yarns, singles, not finer than 20, n.o.p."

Table 4

Imports: Cotton yarns, singles, finer than 20 and not finer than 39,
s.c. 3006(a)

Tariff Items 521(1) and 521(3)(a)

Year	<u>Total Imports</u>		<u>Average</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>	<u>Duty</u> <u>Collected</u>	Duty as p.c. of Dutiable
	lb.	\$	\$/lb.	\$	\$	%
<u>1. Total</u>						
1960(a)	1,772,502	1,277,880	.72	1,061,102	163,980	15.5
1961	1,658,500	1,353,345	.82	1,000,713	150,077	15.0
1962	3,590,798	2,521,846	.70	2,110,460	337,583	16.0
1963(b)	2,202,200	1,328,656	.60	1,313,463	229,974	17.5
1964	2,718,066	1,677,930	.62	1,676,043	293,973	17.5
1965	3,372,357	2,019,646	.60	..	..	..
<u>2. United Kingdom</u>						
1960(a)	247,569	239,461	.97	22,683	1,934	8.5
1961	392,718	391,881	1.00	39,249	4,272	10.9
1962	506,767	458,777	.91	47,391	5,957	12.6
1963(b)	18,063	17,779	.98	2,586	320	12.4
1964	2,332	2,468	1.06	581	72	12.4
1965	4,696	5,238	1.12	..	..	..
<u>3. United States</u>						
1960(a)	685,130	588,244	.86	588,244	83,774	14.2
1961	672,435	624,975	.93	624,975	86,775	13.9
1962	581,391	639,774	1.10	639,774	82,358	12.9
1963(b)	107,316	105,414	.98	105,414	18,632	17.7
1964	230,469	183,787	.80	183,787	32,661	17.8
1965	199,425	159,272	.80	..	..	..
<u>4. France</u>						
1960(a)	689,890	376,932	.55	376,932	65,659	17.4
1961	167,451	91,590	.55	91,590	16,126	17.6
1962	147,584	85,765	.58	85,765	15,036	17.5
1963(b)	74,825	41,910	.56	41,910	7,369	17.6
1964	75,261	45,421	.60	45,421	7,934	17.5
1965	44,199	29,007	.66	..	..	..

Table 4
(Cont'd)

<u>Year</u>	<u>Total Imports</u>		<u>Average</u>	<u>Dutiable</u>	<u>Duty</u>	<u>Duty as</u>
	<u>lb.</u>	<u>\$</u>	<u>Value</u>	<u>Value</u>	<u>Collected</u>	<u>p.c. of</u>
			<u>\$/lb.</u>	<u>\$</u>	<u>\$</u>	<u>Value</u>
						<u>%</u>

5. Israel

1960(a)	123,867	57,775	.47	57,775	10,113	17.5
1961	86,456	42,410	.49	42,410	7,458	17.6
1962	1,464,049	768,647	.53	768,647	134,406	17.5
1963(b)	930,807	498,164	.54	498,164	87,019	17.5
1964	835,223	474,450	.57	474,450	83,011	17.5
1965	948,783	580,797	.61	..	..	..

6. Portugal

1960(a)	-	-	-	-	-	-
1961	198,196	122,716	.62	122,716	21,483	17.5
1962	791,952	505,851	.64	505,851	88,861	17.6
1963(b)	805,713	526,092	.65	526,092	91,953	17.5
1964	1,020,155	668,582	.66	668,582	117,110	17.5
1965	696,433	451,093	.65	..	..	..

(a) Class established April 1, 1960; beginning in 1964 renumbered as s.c. 364-46

(b) Class description changed to "Cotton yarns, singles, finer than 20 and not finer than 39, n.o.p."

Table 5

Imports: Cotton yarns, singles, 40 and finer, s.c. 3007(a)

Tariff Items 521(1), 521(2), 521(3)(a) and 521(4)

<u>Year</u>	<u>Total Imports</u>		<u>Average</u>	<u>Dutiable</u>	<u>Duty</u>	<u>Duty as</u>
	<u>lb.</u>	<u>\$</u>	<u>Value</u>	<u>Value</u>	<u>Collected</u>	<u>p.c. of</u>
			<u>\$/lb.</u>	<u>\$</u>	<u>\$</u>	<u>Dutiable</u>
						<u>Value</u>
						<u>%</u>
<u>1. Total</u>						
1960(a)	1,065,539	1,188,776	1.12	622,516	82,838	13.3
1961	1,305,923	1,609,933	1.23	800,388	105,663	13.2
1962	1,774,709	2,037,671	1.15	1,377,958	184,668	13.4
1963(b)	895,820	759,690	.85	753,325	125,789	16.7
1964	1,577,708	1,355,644	.86	1,342,142	225,107	16.8
1965	1,239,195	987,686	.80	..	..	..

2. United Kingdom

1960(a)	489,483	595,285	1.22	33,409	4,255	12.7
1961	701,079	855,126	1.22	45,581	5,779	12.7
1962	730,415	806,993	1.10	147,280	18,502	12.6
1963(b)	120,600	134,218	1.11	127,853	16,243	12.7
1964	183,750	207,783	1.13	194,281	24,575	12.6
1965	157,545	164,117	1.04	..	..	..

3. United States

1960(a)	488,030	533,224	1.09	528,840	69,016	13.1
1961	487,791	650,953	1.33	650,953	81,804	12.6
1962	559,713	834,818	1.49	834,818	97,339	11.7
1963(b)	70,870	91,186	1.29	91,186	16,059	17.6
1964	385,718	421,144	1.09	421,144	73,633	17.5
1965	126,434	150,160	1.19	..	..	..

4. Portugal

1960(a)	-	-	-	-	-	-
1961	43,248	32,462	.75	32,462	5,681	17.5
1962	185,097	144,741	.78	144,741	25,268	17.5
1963(b)	288,241	225,312	.78	225,312	39,341	17.5
1964	345,267	258,544	.75	258,544	45,113	17.4
1965	235,762	167,050	.71	..	..	..

(a) Class established April 1, 1960; beginning in 1964 renumbered as s.c. 364-47

(b) Class description changed to "Cotton yarns, singles, 40 and finer, n.o.p."

Table 6

Imports: Cotton yarn for thread manufacture, s.c. 3010^(a)

Tariff Items 521(2)(a), 521(2)(b), 521(3)(a) and 521(3)(b)

<u>Year</u>	<u>Total Imports</u>		<u>Average</u>	<u>Dutiable</u>	<u>Duty</u>	<u>Duty as</u>
	<u>lb.</u>	<u>\$</u>	<u>Value</u>	<u>Value</u>	<u>Collected</u>	<u>p.c. of</u>
			<u>\$/lb.</u>	<u>\$</u>	<u>\$</u>	<u>Dutiable</u>
						<u>Value</u>
						<u>%</u>
<u>1. Total</u>						
1963	3,967,011	5,081,481	1.28	3,481,452	268,947	7.7
1964	4,372,571	5,855,249	1.34	4,201,943	316,608	7.5
1965	4,424,988	6,094,128	1.38	..	..	..
<u>2. United Kingdom</u>						
1963	2,845,783	3,377,996	1.19	1,779,425	90,886	5.1
1964	3,030,573	3,841,705	1.27	2,188,399	110,726	5.1
1965	2,480,440	3,237,073	1.31	..	..	..
<u>3. United States</u>						
1963	957,610	1,507,510	1.57	1,506,052	158,077	10.5
1964	1,047,307	1,664,664	1.59	1,664,664	171,111	10.3
1965	1,355,829	2,201,038	1.62	..	..	..
<u>4. Yugoslavia</u>						
1963	79,707	108,651	1.36	108,651	11,253	10.4
1964	132,156	163,473	1.24	163,473	16,254	9.9
1965	238,656	273,543	1.15	..	..	..
<u>5. Israel</u>						
1963	73,645	76,559	1.04	76,559	7,656	10.0
1964	122,988	141,644	1.15	141,644	14,157	10.0
1965	212,666	242,856	1.14	..	..	..

(a) Statistical class established Jan. 1, 1963; beginning in 1964 renumbered as s.c. 364-02

Table 7

Imports: Cotton yarns, plied, s.c. 3008^(a)

Tariff Items 521(3)(b) and 521(5)

<u>Year</u>	<u>Total Imports</u>		<u>Average</u>	<u>Dutiable</u>	<u>Duty</u>	<u>Duty as</u>
	<u>lb.</u>	<u>\$</u>	<u>Value</u>	<u>Value</u>	<u>Collected</u>	<u>p.c. of</u>
			<u>\$/lb.</u>	<u>\$</u>	<u>\$</u>	<u>Value</u>
						<u>%</u>
<u>1. Total</u>						
1960(a)	2,953,016	3,028,603	1.03	2,999,990	361,880	12.1
1961	3,145,311	4,165,622	1.32	4,118,912	485,293	11.8
1962	3,495,317	4,564,230	1.31	4,547,292	565,953	12.4
1963(b)	1,609,338	1,667,797	1.04	1,628,015	320,832	19.7
1964	1,581,031	1,710,858	1.08	1,644,072	321,673	19.6
1965	1,697,887	1,683,470	.99	..	..	..
<u>2. United Kingdom</u>						
1960(a)	886,181	1,200,351	1.35	1,177,937	70,679	6.0
1961	1,040,181	1,540,383	1.48	1,530,592	84,634	5.5
1962	1,096,158	1,554,040	1.42	1,537,102	81,633	5.3
1963(b)	48,434	79,259	1.64	43,781	4,757	10.9
1964	45,548	87,015	1.91	31,906	4,089	12.8
1965	34,037	81,227	2.39	..	..	..
<u>3. United States</u>						
1960(a)	1,924,284	1,733,743	.90	1,727,544	273,974	15.9
1961	1,854,238	2,420,661	1.31	2,412,894	368,007	15.3
1962	2,026,722	2,737,989	1.35	2,737,989	431,312	15.8
1963(b)	1,070,459	1,245,225	1.16	1,240,921	247,533	19.9
1964	1,159,950	1,348,321	1.16	1,336,644	263,788	19.7
1965	1,048,316	1,174,290	1.12	..	..	..
<u>4. France</u>						
1960(a)	62,948	42,779	.68	42,779	7,003	16.4
1961	75,549	55,998	.74	55,998	10,100	18.0
1962	15,096	13,536	.90	13,536	2,344	17.3
1963(b)	1,088	1,195	1.10	1,195	222	18.6
1964	-	-	-	-	-	-
1965	-	-	-	-	-	-

Table 7
(Cont'd)

<u>Year</u>	<u>Total Imports</u>		<u>Average</u>	<u>Dutiable</u>	<u>Duty</u>	<u>Duty as</u>
	<u>lb.</u>	<u>\$</u>	<u>Value</u>	<u>Value</u>	<u>Collected</u>	<u>p.c. of</u>
			<u>\$/lb.</u>	<u>\$</u>	<u>\$</u>	<u>Value</u>
						<u>%</u>
<u>5. Spain</u>						
1960(a)	58,977	36,251	.61	36,251	7,734	21.3
1961	102,316	69,527	.68	69,527	13,850	19.9
1962	13,945	10,929	.78	10,929	2,186	20.0
1963(b)	-	-	-	-	-	-
1964	4,985	3,215	.64	3,215	643	20.0
1965	103,830	59,708	.58	..	..	..
<u>6. Israel</u>						
1960(a)	727	725	1.00	725	76	10.5
1961	1,246	585	.47	585	126	21.5
1962	141,720	93,242	.66	93,242	17,469	18.7
1963(b)	60,167	43,634	.73	43,634	10,137	23.2
1964	32,092	23,292	.73	23,292	4,656	20.0
1965	11,425	6,048	.53	..	..	..
<u>7. Portugal</u>						
1960(a)	-	-	-	-	-	-
1961	5,944	5,115	.86	5,115	1,014	19.8
1962	126,333	101,002	.80	101,002	20,976	20.8
1963(b)	206,343	148,665	.72	148,665	29,674	20.0
1964	194,397	139,681	.72	139,681	27,388	19.6
1965	34,361	23,916	.70	..	..	..
<u>8. Greece</u>						
1960-61	-	-	-	-	-	-
1962	60,804	37,894	.62	37,894	7,508	19.8
1963(b)	108,729	73,100	.67	73,100	14,604	20.0
1964	33,882	21,077	.62	21,077	4,213	20.0
1965	118,515	68,669	.58	..	..	..

(a) Class established April 1, 1960; beginning in 1964 renumbered as s.c. 364-68

(b) Class description changed to "Cotton yarns, plied, n.o.p."

Table 8

Imports: Crochet and knitting cotton, n.o.p., s.c. 3014(a)

Tariff Item 521(5)

Year	United Kingdom		United States		France		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	29,728	30,854	54,030	80,610	-	-	83,758	111,464
1946	27,392	36,935	136,180	182,142	2,667	11,678	166,239	230,755
1947	39,136	58,573	333,971	468,118	9,532	41,271	382,982	568,957
1948	13,298	26,872	141,276	275,484	11,709	49,555	166,283	351,911
1949	3,630	11,855	162,568	302,545	7,664	39,656	173,862	354,056
1950	2,752	10,816	210,684	415,031	5,542	26,623	218,978	452,470
1951	3,569	10,065	136,929	300,891	5,809	30,142	148,401	344,391
1952	2,809	7,015	173,318	321,507	4,947	27,026	181,857	357,369
1953	1,586	5,150	111,746	198,486	8,522	43,674	122,992	249,983
1954	1,163	3,786	109,771	190,528	11,235	53,108	122,941	248,455
1955	3,889	12,733	131,289	248,057	8,634	39,729	144,205	301,015
1956	876	4,611	105,358	164,466	11,609	52,043	118,114	221,424
1957	922	3,846	97,631	138,310	10,147	49,294	109,171	191,936
1958	1,437	5,500	80,499	114,036	11,848	52,664	94,501	173,034
1959	3,664	11,474	90,084	124,183	11,534	55,318	105,996	192,381
1960	16,171	49,385	95,966	148,068	13,610	61,492	127,688	261,512
1961	25,442	74,695	155,223	225,914	22,024	71,864	207,214	377,393
1962	9,926	43,546	106,245	192,000	18,316	67,266	136,508	306,356
1963	9,903	51,757	112,207	200,726	15,958	81,880	143,348	343,389
1964	6,480	42,189	111,571	185,464	18,462	91,407	137,404	321,610
1965	5,499	46,662	82,682	147,496	24,721	122,205	117,881	324,382

(a) Beginning in 1964 renumbered as s.c. 364-11

Table 9

Imports: Yarns, cotton, singles, n.o.p., s.c. 3011 (a)

Tariff Item 522

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	68,498	70,449	86,055	86,758	-	-	154,553	157,207
1946	91,618	110,006	152,560	142,666	-	-	244,178	252,672
1947	113,694	138,724	430,770	431,481	-	-	544,464	570,205
1948	98,379	141,289	281,519	308,984	-	-	379,898	450,273
1949	55,201	73,772	117,682	114,920	-	-	172,883	188,692
1950	88,277	121,683	141,876	144,429	-	-	230,153	266,112
1951	119,112	206,387	413,307	540,598	132,796	128,762	665,215	875,747
1952	62,102	81,015	235,171	235,856	-	-	297,273	316,871
1953	204,249	191,266	361,319	371,858	-	-	565,568	563,124
1954	91,294	104,876	286,969	267,676	732	433	378,995	372,985
1955	139,678	164,761	198,718	193,388	6,029	5,455	344,425	363,604
1956	184,356	221,802	259,075	267,058	5,002	2,135	448,433	490,995
1957	165,782	178,191	292,778	255,728	2,020	757	460,580	434,676
1958	115,063	118,452	323,931	290,323	22,611	10,141	461,605	418,916
1959	215,006	147,772	491,312	413,653	27,175	18,061	733,493	579,486
1960 (a)	47,913	39,837	143,215	127,676	10,000	3,560	201,128	171,073

(a) Class discontinued after March 31, 1960

Table 10

Imports: Yarns, cotton, number 40 and finer, singles, for sewing thread, s.c. 3021 (a)

Tariff Item 522g(2)

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	1,292,885	947,381	-	-	-	-	1,292,885	947,381
1946	1,518,831	1,286,060	-	-	-	-	1,518,831	1,286,060
1947	1,975,898	1,975,339	-	-	-	-	2,068,645	2,096,094
1948	1,446,254	2,234,392	92,747	120,755	-	-	1,454,293	2,244,262
1949	1,302,058	1,889,208	8,039	9,870	-	-	1,302,058	1,889,208
1950	962,084	1,151,961	-	-	-	-	962,084	1,151,961
1951	1,363,962	2,447,547	17,709	37,672	109,418	267,260	1,491,089	2,752,479
1952	660,824	1,086,431	3,336	8,409	4,972	11,494	669,132	1,106,334
1953	1,395,240	1,427,165	144	336	-	-	1,395,384	1,427,501
1954	1,106,793	1,248,257	-	-	189	282	1,106,982	1,248,539
1955	1,393,799	1,558,242	-	-	-	-	1,393,799	1,558,242
1956	1,775,234	2,081,353	100	176	-	-	1,775,334	2,081,529
1957	1,354,071	1,692,933	76,582	72,598	-	-	1,430,653	1,765,531
1958	711,380	784,151	250,272	290,419	-	-	961,652	1,074,570
1959	990,700	925,501	251,096	289,122	-	-	1,241,796	1,214,623
1960(a)	194,219	198,090	59,292	66,092	-	-	253,511	264,182

(a) Class discontinued after March 31, 1960

Table 11

Imports: Yarns, cotton, coarser than number 40 but finer than number 20, singles, for thread and knitting and embroidery cottons, s.c. 3023(a)

Tariff Item 522b

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	148,455	97,350	-	-	-	-	148,455	97,350
1946	92,824	61,024	-	-	-	-	92,824	61,024
1947	271,117	240,599	12,236	11,439	-	-	283,353	252,038
1948	241,076	355,320	5,474	4,676	-	-	246,550	359,996
1949	242,104	286,062	15,979	9,597	-	-	258,083	295,659
1950	170,542	173,619	-	-	-	-	170,542	173,619
1951	176,834	301,078	61,290	104,525	-	-	238,124	405,603
1952	183,852	232,348	92,902	91,154	-	-	276,754	323,502
1953	262,432	222,167	21,660	19,448	-	-	284,092	241,615
1954	301,469	294,843	-	-	-	-	301,469	294,843
1955	403,998	381,984	698	1,183	33,166	30,690	437,862	413,857
1956	572,822	560,833	-	-	-	-	572,822	560,833
1957	507,680	541,435	38,170	27,776	-	-	545,850	569,211
1958	326,354	293,616	47,021	37,106	3,171	1,923	376,546	332,645
1959	410,946	304,158	96,657	83,475	7,272	3,820	514,875	391,453
1960(a)	108,200	92,390	10,346	9,572	-	-	118,546	101,962

(a) Class discontinued after March 31, 1960

Table 12

Imports: Yarns, cotton, in hanks or on dyeing or bleaching cores, for thread and knitting and embroidery cottons,
s.c. 3019(a)

Tariff Item 522e

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	744,824	720,735	94,316	69,002	-	-	839,140	789,737
1946	920,516	1,032,515	75,006	64,965	-	-	995,522	1,097,480
1947	794,422	1,073,670	848,666	1,104,381	-	-	1,643,088	2,178,051
1948	908,132	1,745,395	600,192	993,246	57,199	116,365	1,565,523	2,855,006
1949	505,949	899,275	618,194	1,060,141	500	854	1,124,643	1,960,270
1950	675,469	1,084,623	212,698	323,127	30,000	46,595	918,167	1,454,345
1951	1,095,860	2,466,937	500,579	986,675	2,200	4,214	1,598,639	3,457,826
1952	825,055	1,532,321	371,657	561,444	-	-	1,196,712	2,093,765
1953	1,426,231	2,013,378	139,023	170,041	2,192	2,945	1,567,446	2,186,364
1954	984,618	1,514,594	167,163	202,308	16,414	18,857	1,168,195	1,735,759
1955	1,011,624	1,583,146	194,571	225,981	2,000	1,900	1,208,195	1,811,027
1956	1,212,530	1,908,193	179,758	374,546	4,964	3,811	1,497,252	2,286,550
1957	970,468	1,480,367	487,218	721,263	11,595	22,399	1,469,281	2,224,029
1958	824,555	1,106,759	586,864	842,733	6,731	14,129	1,418,150	1,963,621
1959	1,007,225	1,149,582	521,626	759,579	17,682	23,776	1,546,533	1,932,937
1960(a)	249,400	311,189	148,372	207,990	1,344	1,663	399,116	520,842

(a) Class discontinued after March 31, 1960

Table 13

Imports of Finished Cotton Sewing Thread by Country of Origin and Kind,
Reported by Manufacturers of Cotton Thread,
1961-1964

	Mercerized		Unmercerized		Total	
	lb.	\$	lb.	\$	lb.	\$
<u>1961</u>						
United Kingdom	89,000	244,000	27,026	54,886	116,026	298,886
United States	89,512	231,370	152,823	305,907	242,335	537,277
Total	178,512	475,370	179,849	360,793	358,361	836,163
<u>1962</u>						
United Kingdom	86,000	238,000	38,550	79,617	124,550	317,617
United States	77,373	202,076	117,398	235,002	194,771	437,078
Total	163,373	440,076	155,948	314,619	319,321	754,695
<u>1963</u>						
United Kingdom	124,000	337,000	63,788	124,684	187,788	461,684
United States	94,444	249,287	120,513	241,870	214,957	491,157
Total	218,444	586,287	184,301	366,554	402,745	952,841
<u>1964</u>						
United Kingdom	119,000	320,000	112,119	208,085	231,119	528,085
United States	138,390	368,746	142,884	288,743	281,274	657,489
Total	257,390	688,746	255,003	496,828	512,393	1,185,574

Source: Tariff Board Survey

Imports: Cotton thread, s.c. 3009(a)

Tariff Item 521(5)

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1953	38,764	86,353	562,199	956,411	20,700	32,282	621,663	1,075,046
1954	24,476	59,216	517,702	817,670	33,550	42,997	575,728	919,883
1955	18,170	43,473	553,377	863,022	57,291	75,081	628,838	981,576
1956	37,981	86,548	788,558	1,104,253	40,473	51,995	867,012	1,242,796
1957	35,397	83,898	601,461	957,512	50,832	57,733	687,690	1,099,143
1958	18,723	53,928	697,012	1,115,836	47,472	53,595	763,207	1,223,359
1959	23,435	55,326	710,211	1,203,298	44,461	63,028	778,107	1,321,652
1960	7,647	14,658	618,933	1,048,899	56,784	73,484	683,364	1,137,041
1961	5,703	12,712	576,027	1,075,097	132,270	162,997	714,000	1,250,806
1962	8,634	20,956	533,273	1,009,360	228,059	281,819	769,966	1,312,135
1963	24,159	33,252	712,260	1,375,593	66,398	91,453	802,817	1,500,298
1964	7,165	16,897	834,675	1,554,833	114,535	142,301	956,575	1,713,971
1965	7,576	18,730	746,313	1,451,783	114,769	153,345	868,658	1,623,858

(a) Statistical class established January 1, 1953 replacing former statistical classes 3010 and 3016; beginning in 1964 renumbered as s.c. 364-05

Imports: Thread, cotton, n.o.p., s.c. 3010(a)

Table 15

Tariff Item 522c(1)

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	28,147	38,355	142,345	235,337	-	-	170,492	273,692
1946	49,123	69,768	575,326	1,035,343	-	-	624,449	1,105,111
1947	22,952	32,740	742,601	1,280,330	236	464	765,789	1,313,534
1948	20,321	40,595	473,507	842,749	-	-	493,828	883,344
1949	6,557	13,376	429,735	756,703	705	1,043	436,997	771,122
1950	23,199	42,647	472,939	844,991	2,448	3,840	498,586	891,478
1951	31,112	74,798	438,638	894,893	53,346	61,468	523,096	1,031,159
1952	17,936	40,836	490,984	870,550	30,199	53,155	559,119	964,541

(a) Beginning in 1953 included in s.c. 3009

Imports: Sewing cotton thread, on spools, s.c. 3016(a)

Table 16

Tariff Item 522c(3)

Year	United Kingdom		United States		Other		Total	
	lb.	\$	lb.	\$	lb.	\$	lb.	\$
1945	-	-	8,215	16,096	-	-	8,215	16,096
1946	-	-	26,769	52,155	-	-	26,769	52,155
1947	-	-	60,289	115,630	233	2,378	60,522	118,008
1948	1,943	4,347	18,084	42,597	-	-	20,027	46,944
1949	281	584	37,006	70,679	917	2,857	38,204	74,120
1950	1,110	2,192	36,922	72,325	578	1,599	38,610	76,116
1951	1,576	4,095	64,369	138,236	6	32	65,951	142,363
1952	1,769	4,336	37,978	75,136	5,286	11,438	44,033	90,910

(a) Beginning in 1953 included in s.c. 3009

THREAD MILLS INDUSTRY (a)

Principal Statistics classified by Size Group based on Value of Shipments, 1963 and 1964

Size group	Estab- lish- ments No.	Manufacturing activity				Value of shipments
		Production Workers Number	Cost of fuel and electricity	Cost of materials and supplies	Value added	
		No.		- Thousand Dollars -		
<u>1963</u>						
Under \$10,000	-	-	-	-	-	-
\$ 10,000 to \$ 24,999	-	-	-	-	-	-
25,000 " 49,999	-	-	-	-	-	-
50,000 " 99,999	5	25	3	340	169	536
100,000 " 199,999	4	41	1	837	420	1,195
200,000 " 499,999	3	75	1	1,250	670	1,884
500,000 " 999,999	5	515	138	5,789	5,830	11,609
1,000,000 " 4,999,999						
5,000,000 " over						
Total	17	656	144	8,215	7,089	15,224

Table 17
(Cont'd)

Size group	Estab-lish-ments No.	Manufacturing activity					Value of shipments
		Production Workers Number	Workers Wages	Dost of fuel and electricity	Cost of materials and supplies	Value added	
Under \$10,000	-	-	-	-	-	-	-
\$ 10,000 to \$ 24,999	-	-	-	-	-	-	-
25,000 "	4	17	51	3	246	148	380
50,000 "							
100,000 "	6	68	182	3	1,173	465	1,797
200,000 "							
500,000 "	7	567	1,818	147	7,787	6,840	14,482
1,000,000 "							
5,000 and over							
Total	17	652	2,052	153	9,206	7,452	16,658

(a) Includes establishments engaged in the manufacture of synthetic thread

Source: D.B.S., Cat. No. 34-220

Factory Shipments of Thread by the Thread Mills Industry,
1960-1964

<u>Thread Types</u>	<u>1960-1964</u>			
	1960	1961	1962	1963
	'000 lb. \$'000	'000 lb. \$'000	'000 lb. \$'000	'000 lb. \$'000
Cotton thread(a)	3,124 10,604	3,384 11,207	3,743 12,107	4,000 13,469
Rayon thread)				4,236 14,477
) .				
Nylon thread)	937 2,782	1,410 4,572	423 1,892	368 1,504
Other thread(b))				
All other products(c)	.. 96	.. 286	.. 143	.. 243
Total	.. 13,482	.. 16,065	.. 14,142	.. 15,216
				.. 16,525

(a) Includes crochet, knitting and embroidery cottons for household use
 (b) Includes polyester type thread and thread mixtures, e.g. cotton and rayon
 (c) Includes products such as shoe laces, mending tapes, etc.

Sources: D.B.S., Cat. No. 34-220

Sales of Cotton Sewing Thread
Reported by Manufacturers of Cotton Thread,
1958 and 1961-64

	<u>1958</u>	<u>1961</u>	<u>1962</u> - Dollars -	<u>1963</u>	<u>1964</u>
Sales of Thread of Own Manufacture	7,950,176	8,796,643	9,490,110	9,742,204	10,875,110
Re-Sale of Purchased Thread	<u>401,208</u>	<u>1,051,447</u>	<u>937,050</u>	<u>1,166,499</u>	<u>1,390,704</u>
Total Sales	8,351,384	9,848,090	10,427,160	10,908,703	12,265,814

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Source: Tariff Board Survey

Materials Used by the Thread Mills Industry,
1960-1964

<u>Principal Materials</u>	<u>1960</u> \$	<u>1961</u> \$	<u>1962</u> \$	<u>1963</u> \$	<u>1964</u> \$
Yarns, all cotton:					
Grey	2,830,875	3,651,268	3,296,000	3,717,000	4,708,000
Bleached	176,000	293,849	346,000	303,000	385,000
Mercerized	961,889	1,083,237	1,232,000	1,282,000	1,318,000
Yarns, other	1,887,685	2,629,416	696,000	867,000	1,133,000
Starch and sizing materials	2,769	3,063	3,000	2,000	2,000
Chemicals, Dyes and Oils	185,676	247,873	257,000	270,000	268,000
Spools, Tubes and Cones	80,410	150,104	135,000	197,000	174,000
Containers and other packaging	87,989	184,101	504,000	399,000	445,000
All other	1,113,712	1,171,477	1,340,000	1,177,000	775,000
Total	7,327,005	9,414,388	7,810,000	8,215,000	9,206,000

Source: D.B.S., Cat. No. 34-220

APPENDIX II
TARIFF HISTORY

Appendix IITariff HistoryTariff item 52102-1 - formerly 521(2)(a)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of cotton sewing thread or Schiffli embroidery thread:

Singles

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1964, March 17	Free	10 p.c.	15 p.c.

Prior to March 17, 1964, the goods were classified under tariff items 521(2)(a), 521(7)(a) and 521(8), viz:-

521(2)(a):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Undyed and unbleached, for use in the manufacture of cotton sewing thread:

Singles

1963, June 14	Free	10 p.c.	15 p.c.
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521(7)(a):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of Schiffli embroidery threads:

Singles

1963, June 14	Free	10 p.c.	22½ p.c.
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521(8):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Bleached or dyed, for use in the manufacture of cotton sewing thread

1963, June 14	10 p.c.	15 p.c.	30 p.c.
---------------	---------	---------	---------

Prior to June 14, 1963, those goods, when for use in the manufacture of cotton sewing thread, were classified under tariff item 521(3)(a); when for use in the manufacture of Schiffli embroidery thread, they were classified under tariff item 521(1).

Histories of tariff items 521(3)(a) and 521(1) follow.

521(3)(a):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

When imported by manufacturers for use in the manufacture of cotton sewing thread or of crochet, knitting, darning or embroidery cottons:

Singles

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1960, April 1	Free	10 p.c.	15 p.c.

Prior to April 1, 1960, the singles for use in the manufacture of cotton sewing thread were classified under tariff items 522, 522b and 522g(2), the histories of which follow.

522:- Rovings, yarns and warps wholly of cotton, not more advanced than singles, n.o.p.

1948, January 1 (GATT)		15 p.c.	
and, per pound		3 cts.	
1939, January 1 (United States Trade Agreement)		15 p.c.	
and, per pound		3 cts.	
1936, May 2	12½ p.c.	15 p.c.	22½ p.c.
and, per pound		3½ cts.	4 cts.
1932, October 13	12½ p.c.	15 p.c.	22½ p.c.
and, per pound	2 cts.	3½ cts.	4 cts.
1930, September 17	12½ p.c.	15 p.c.	22½ p.c.
and, per pound	3 cts.	3½ cts.	4 cts.

522b:- Yarns, wholly of cotton, coarser than number forty but exceeding number twenty, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread and crochet, knitting, darning and embroidery cottons

1948, January 1 (GATT)		15 p.c.	
1933, March 22	7½ p.c.	15 p.c.	20 p.c.

Prior to March 22, 1933, the materials were classified under tariff item 522 (see history above).

522g(2):- Yarns, wholly of cotton, number forty and finer, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread

1952, April 9	Free	10 p.c.	15 p.c.
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Prior to April 9, 1952, the goods were classified under tariff item 797, viz:- Yarns, wholly of cotton, number forty and finer, but not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1948, January 1 (GATT)		10 p.c.	
1931, January 2	Free	10 p.c.	15 p.c.

521(1):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Singles

1960, April 1	12½ p.c.	17½ p.c.	22½ p.c.
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Prior to April 1, 1960, singles for use in the manufacture of Schiffli embroidery thread were classified under tariff item 522, the history of which is given above.

Tariff item 52103-1 - formerly 521(2)(b)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of cotton sewing thread or Schiffli embroidery thread:

Plied

1964, March 17	5 p.c.	10 p.c.	20 p.c.
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Prior to March 17, 1964, the goods were classified under tariff items 521(2)(b), 521(7)(b) and 521(8), viz:-

521(2)(b):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Undyed and unbleached, for use in the manufacture of cotton sewing thread:

Plied

1963, June 14	5 p.c.	10 p.c.	20 p.c.
---------------	--------	---------	---------

521(7)(b):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of Schiffli embroidery threads:

Plied

1963, June 14	5 p.c.	10 p.c.	30 p.c.
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521(8):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Bleached or dyed, for use in the manufacture of cotton sewing thread

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1963, June 14	10 p.c.	15 p.c.	30 p.c.

Prior to June 14, 1963, the goods, whether or not bleached or dyed, when for use in the manufacture of cotton sewing thread, were classified under tariff item 521(3)(b); when for use in the manufacture of Schiffli embroidery threads, they were classified under tariff item 521(5). The histories of these two tariff items follow.

521(3)(b):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

When imported by manufacturers for use in the manufacture of cotton sewing thread or of crochet, knitting, darning or embroidery cottons:

Plied

1960, April 1	5 p.c.	10 p.c.	20 p.c.
---------------	--------	---------	---------

Prior to April 1, 1960, these plied yarns in hanks, or on dyeing or bleaching cores were classified under tariff item 522e; when packaged otherwise they were classified under tariff item 522c(1). The histories of tariff items 522e and 522c(1) follow.

522e:- Cotton sewing thread yarn and crochet, knitting, darning and embroidery yarn, in hanks, or on dyeing or bleaching cores, when imported by manufacturers for use exclusively in their own factories in the manufacturing or spooling of cotton sewing thread and crochet, knitting, darning and embroidery cottons

1952, April 9	5 p.c.	10 p.c.	20 p.c.
---------------	--------	---------	---------

Prior to April 9, 1952 the item did not include yarns on dyeing or bleaching cores.

1948, January 1 (GATT)	5 p.c.	10 p.c.	
1939, January 1 (United States Trade Agreement)		12½ p.c.	
1930, September 17	7½ p.c.	15 p.c.	20 p.c.

522c(1):- Rovings, yarns and warps wholly of cotton, including threads, cords and twines generally used for sewing, stitching, packaging and other purposes, n.o.p.; cotton yarns, wholly or partially covered with metallic strip, generally known as tinsel thread.

1950, June 1	15 p.c.	17½ p.c.	25 p.c.
and, per pound		3 cts.	4 cts.

Prior to June 1, 1950 the goods were classified under tariff item 522c, with the same wording.

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1948, January 1 (GATT) and, per pound		17½ p.c. 3 cts.	
1939, January 1 (United States Trade Agreement) and, per pound		20 p.c. 3 cts.	
1936, May 2 and, per pound	15 p.c.	22½ p.c. 3½ cts.	25 p.c. 4 cts.
1932, October 13 and, per pound	15 p.c. 2 cts.	22½ p.c. 3½ cts.	25 p.c. 4 cts.
1930, September 17 and, per pound	15 p.c. 3 cts.	22½ p.c. 3½ cts.	25 p.c. 4 cts.

521(5):

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Other, n.o.p.

1960, April 1	15 p.c.	20 p.c.	30 p.c.
---------------	---------	---------	---------

Prior to April 1, 1960, yarns and rovings for use in the manufacture of Schiffli embroidery thread were classified under tariff items 522c(1) (above) and 522d, the history of which follows.

522d:- Yarns and warps wholly of cotton, mercerized, number forty and finer, imported under regulations prescribed by the Minister, for sale to manufacturers, to be further manufactured in their own factories

1948, January 1 (GATT)		20 p.c.	
1939, January 1 (United States Trade Agreement)		22½ p.c.	
1935, March 23	Free	25 p.c.	25 p.c.

Prior to March 23, 1935, the item was as follows:

Yarns and warps wholly of cotton, mercerized, number forty and finer, imported by manufacturers to be further manufactured in their own factories

1932, October 13	Free	25 p.c.	25 p.c.
1928, February 17	Free	Free	Free

Tariff item 52104-1 - formerly 521(3)(a)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1964, March 17	Free	10 p.c.	15 p.c.
1963, June 14	Free	10 p.c.	15 p.c.

Prior to June 14, 1963, the item was as follows:

Yarns and rovings, including threads, cords and twines, wholly of cotton:

When imported by manufacturers for use in the manufacture of cotton sewing thread or of crochet, knitting, darning or embroidery cottons:

Singles

1960, April 1	Free	10 p.c.	15 p.c.
---------------	------	---------	---------

Prior to April 1, 1960 these goods were classified under tariff items 522 and 522b. (The histories of tariff items 522 and 522b are given under tariff item 52102-1 above). Some goods might have been entered under tariff item 522e the history of which is given under tariff item 52103-1, above.

Tariff item 52105-1 - formerly 521(3)(b)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

For use in the manufacture of crochet, knitting, darning or embroidery cottons to be packaged for sale at retail for household use:

Plied:

1964, March 17	5 p.c.	10 p.c.	20 p.c.
1963, June 14	5 p.c.	10 p.c.	20 p.c.

Prior to June 14, 1963, the tariff item was as follows:

Yarns and rovings, including threads, cords and twines, wholly of cotton:

When imported by manufacturers for use in the manufacture of cotton sewing thread or of crochet, knitting, darning or embroidery cottons:

Plied

1960, April 1	5 p.c.	10 p.c.	20 p.c.
---------------	--------	---------	---------

Prior to April 1, 1960, these plied yarns in hanks, or on dyeing or bleaching cores were classified under tariff item 522e; when packaged otherwise they were classified under tariff item 522c(1). (The histories of tariff items 522e and 522c(1) are given under tariff item 52103-1, above).

Tariff item 52106-1 - formerly 521(4)

Yarns and rovings, including threads, cords and twines, wholly of cotton:

Of count seventy or finer, when imported by manufacturers for use in the manufacture of levers' lace

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1964, March 17	Free	Free	25 p.c.
1960, April 1	Free	Free	25 p.c.

Prior to April 1, 1960, the materials were classified under tariff item 522i, viz:- Yarns and warps, wholly of cotton, number 70 and finer, when imported by manufacturers for use exclusively in the manufacture of levers' lace, in their own factories (revoked, 31st March, 1960).

1958, November 1	(expired 30th June, 1960)	Free	Free	25 p.c.
1957, October 1	(expired 31st October, 1958)	Free	Free	25 p.c.
1955, July 1	(expired 30th September, 1957)	Free	Free	25 p.c.

Prior to July 1, 1955, the goods were classified under tariff item 88l, identical in wording.

1954, April 1	(expired 30th June, 1955)	Free	Free	25 p.c.
---------------	---------------------------	------	------	---------

Prior to April 1, 1954, tariff item 88l was as follows:

Yarns and warps, wholly of cotton, number 70 and finer, when imported by manufacturers of lace, for use exclusively in the manufacture of lace, in their own factories

1953, April 1	(expired 31st March, 1954)	Free	Free	25 p.c.
1952, April 1	(expired 31st March, 1953)	Free	Free	25 p.c.

Prior to April 1, 1952 it is believed that the goods were classified under tariff item 522c(1), the history of which is given under tariff item 52103-1, above.



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Report by *4*

THE TARIFF BOARD

in Report No. 136

Relative to the Investigation Ordered
by the Minister of Finance
respecting

LIVE TURKEYS

Reference No. 136

CAI FN 58
-67816



Report by

THE TARIFF BOARD

Relative to the Investigation Ordered
by the Minister of Finance
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LIVE TURKEYS

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1965

THE TARIFF BOARD

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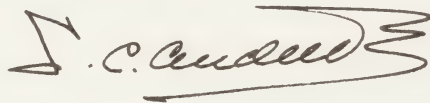
The Honourable Walter L. Gordon, P.C., M.P.,
Minister of Finance,
Ottawa, Ontario

Dear Mr. Gordon:

I refer to your letter of October 22, 1964, in which you requested the Tariff Board to conduct an inquiry respecting live turkeys.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to live turkeys in English and in French. A copy of the transcript of the proceedings at the public hearing accompanies this Report.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "J. C. Audette". The signature is stylized with a large, sweeping initial "J" and a long, horizontal flourish extending to the right.

Chairman

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Explanation of Symbols Used

- Denotes zero or none reported
- .. Indicates that figures are not available
- * In statistical tables, indicates a reported figure which disappears on rounding, or is negligible
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes a Dominion Bureau of Statistics import or export statistical class

Statistical Note

Throughout this Report the terms "light", "medium" and "heavy" have been used to refer to turkeys of different weights. These designations have fairly precise meaning in commerce and in official statistics, though there has been some change in the designations through time. The term "broilers" is synonymous with "light" turkeys

Effective Date	Term	Weight Class	
		Live	Eviscerated
Before	Light	Under 10 lbs.	Under 8 lbs.
Apr. 1/61	Medium	10 lbs. & under 20	8 lbs. & under 16
	Heavy	20 lbs. & over	16 lbs. & over
Apr. 1/61	Light	10 lbs. & under	8 lbs. & under
	Medium	Over 10 lbs. & under 20	Over 8 lbs. & under 16
	Heavy	20 lbs. & over	16 lbs. & over
Apr. 1/63	Light	12 lbs. & under	10 lbs. & under
	Medium	Over 12 lbs. & under 20	Over 10 lbs. & under 16
	Heavy	20 lbs. & over	16 lbs. & over

Prices

Until April 1961, Canadian prices for eviscerated turkeys were reported as being for "loose pack"; from April 1961 to date they have been reported for "standard box pack". The price of the "standard box pack" was generally one cent more per pound than the corresponding "loose pack".

THE TARIFF BOARD

Reference No. 136

An Inquiry Respecting Live Turkeys

The text of the letter from the Minister of Finance, dated October 22, 1964, directing the Tariff Board to conduct an inquiry respecting live turkeys, is as follows:

"In the light of recent developments in the trade the Government has received numerous representations concerning the rate of duty on live turkeys.

"Live turkeys are dutiable under tariff item 9a. I would, therefore, direct the Tariff Board to make a study and report under Section 4(2) of the Tariff Board Act on item 9a in so far as it relates to live turkeys.

"If the Board's study should indicate that amendment to the Customs Tariff is desirable, I would request the Board to submit its recommendation with respect thereto as soon as possible."

A public hearing before the Board was held at Ottawa on November 30 and December 1, 1964. Representations were made to the Board by the following parties:

- Alberta Hatchery Approval Association, Calgary, Alta.
- British Columbia Produce Council, Vancouver, B.C.
- *Canadian Federation of Agriculture, The, Ottawa, Ont.
- Canadian Feed Manufacturers Association, Toronto, Ont.
- Canadian Hatchery Federation, Moose Jaw, Sask.
- Canadian Produce Council, Moose Jaw, Sask.
- *Canadian Turkey Federation, St. Thomas, Ont.
- *Export Packers Company Limited, Toronto, Ont.
- *L'Union Catholique des Cultivateurs (Catholic Farmers' Union), Montreal, Que.
- Ontario Poultry Council, Toronto, Ont.
- *Quebec Poultry Industry Committee, The, Montreal, Que.
- Tingens Turkey Ranch and Hatchery, Harrow, Ont.

*Represented at the public hearing.

LIVE TURKEYS

Introduction

This study is concerned with the appropriateness of the existing rates of duty on live turkeys in the light of developments which have taken place in North America in the production, processing and distribution of turkeys in recent years. Improvements in breeding, advanced techniques in hatchery operation, feeding, processing and packaging of turkeys have resulted in drastic changes in the industry. The developments in production and marketing reflect a series of integrated changes leading to increased efficiency. Many of these changes took place first in the United States.

Turkey raising, like many other phases of commercial agricultural production, has become more and more big business, with breeding, hatchery operations, production and processing increasingly concentrated in large-scale units established to serve the main centres of population. Small operators have found it difficult to compete in this environment. Moreover, as the scale of operations of each of the larger operators increased, the tests of efficiency became more rigorous and commercial relationships between hatcheries, producers, feed suppliers and processors tended to become more closely integrated.

As production facilities increased in size, a relatively small number of growers became an increasingly important element in the industry. They became the principal customers of hatcheries and feed dealers and the principal suppliers of turkeys to the processing plants. Through them, hatcheries and feed dealers sought assured markets for their products, and processors tried to assure themselves of as large a flow of birds as possible in order to operate their plants efficiently. These developments led to marketing arrangements which reflected the fact that the outcome of large financial commitments by the various parties rested upon the successful marketing of a crop of birds several months in the future.

The effect of these various developments has been a rapid expansion in output and marketing of turkeys, lower costs of production and a lowering of the price of turkey meat to the consumer, with the meat being supplied in attractive packaging and in convenient form for use. This has resulted in a rapid rise of consumption of turkeys in Canada from only 3.5 pounds per capita in 1953 to over 8 pounds in 1963. Canadians have become the greatest consumers of turkeys on a per capita basis.

The Canadian market is vulnerable to conditions of over-supply in the U.S.A. Sales to Canada which reduce supplies in the United States by only a relatively small amount can be large relative to the Canadian market. Moreover, prices in the U.S.A. are generally somewhat lower than those in Canada. The vulnerability of the Canadian market became evident in the early 1950's when the technological lead of the U.S.A. and lower prices resulted in a series of sharp increases of imports of eviscerated turkeys into Canada. That situation was met

by placing quotas on imports into Canada in mid-1957; these were modified from time to time and were finally removed in 1963. A shortage of heavy-weight birds in Canada in the early part of 1964 was accompanied by the importation of live turkeys in substantial numbers. The importation of live turkeys for processing in Canada in 1964 represented a new development which quite naturally caused further concern to growers in Canada. The sections of the Report which follow are designed to supply some of the background against which the situation in 1964 can be assessed.

The Industry

Canadian production of turkeys has been increasing at a rapid rate for more than two decades. In 1941, Canada produced about 30 million pounds of turkeys valued at nearly \$6.4 million; in 1963 production totalled 146 million pounds valued at \$48.8 million, more than four times the output of 1941 and nearly eight times the value.

Turkeys are produced in every province but there is a heavy concentration of production and sales in Ontario, where the industry appears to have reached a much higher degree of commercialization and concentration than in the other provinces. In 1963 sales of turkeys by Ontario producers constituted nearly one-half of total sales. The Prairie Provinces are second in importance with approximately one-third of the sales, followed by Quebec, British Columbia and the Atlantic Provinces. Each of the Prairie Provinces and Quebec had sales of about similar magnitude.

Value of Turkeys Sold by Producers,^(a) by Region,
Selected Years, 1941-63

	<u>Atlantic</u> <u>Provinces</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairie</u> <u>Provinces</u>	<u>British</u> <u>Columbia</u>	<u>Canada</u>
			million dollars			
1941	0.1	0.4	1.5	3.4	0.1	5.5
1946	0.3	0.9	3.7	4.8	0.4	10.2
1951	0.8	4.8	6.1	7.7	2.1	21.4
1956	1.1	6.5	13.2	14.7	3.6	39.2
1961	0.4	5.6	17.9	18.6	2.6	45.2
1962	0.4	6.0	22.2	15.1	3.1	46.9
1963	0.4	5.6	22.8	16.4	2.4	47.7

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202

(a) Excludes value of farm home consumption.

Ontario's importance, relative to the other provinces, has been increasing while that of the Prairie Provinces has been declining. In 1941 the Prairies accounted for 62 per cent of sales by producers and Ontario for only 27 per cent. By 1963 sales by Prairie producers were only one-third of the total and Ontario sales were almost half the total. Quebec and British Columbia have also risen in relative importance.

The Number and Size of Farms

Except in the Prairie Provinces, only a very small proportion of all farmers raise turkeys. In the other provinces, the percentage of farms reporting turkeys in the 1961 Census of Canada varied from 0.5 per cent of the total number of farms in the Atlantic Provinces to 2.7 per cent in British Columbia. In the Prairie

Provinces almost every sixth farm raised turkeys in 1961, but only one-quarter of those raising turkeys reported that they had sold any in the preceding year. Therefore it appears that most Prairie farmers who raise turkeys do so to supply their own needs. To a lesser extent this is also true in British Columbia and Quebec. In the Atlantic Provinces and Ontario most producers raise turkeys for sale. In 1961, 94 per cent of farms raising turkeys in the Atlantic Provinces reported sales in the preceding year; in Ontario 81 per cent of producers sold turkeys.

Of the approximately 37,000 farms that produced turkeys in 1961, 33,300 were in the Prairie Provinces and only 3,400 turkey producers were located in all of the other provinces. On the other hand the Prairies, with 90 per cent of the farms, accounted for only one-third of the sales in 1963 and the 10 per cent of farms in other provinces accounted for two-thirds of the sales in 1963. Ontario with only 1,225 farms which raise turkeys (3.3 per cent of the total farms) accounted for 48 per cent of the value of Canadian sales in 1963.

The approximately 10,000 farms which reported having sold turkeys in 1960 include some which sold only two or three birds and some which sold 300,000 or more birds. According to the 1961 census, farms having flocks of less than 123 turkeys totalled 32,265. These farms accounted for nearly 90 per cent of all farms with turkeys, but for only eight per cent of the turkeys raised. The remaining 4,433 farms, those with flocks of 123 or more birds accounted for 92 per cent of the turkeys.

If flocks of approximately 1,000 birds be taken as the minimum size of a commercial operation, the picture is even more striking. In 1961 there were only 1,225 farms with flocks of about 1,000 or more birds. These farms were 3.4 per cent of the total but had almost 80 per cent of the turkeys. The trend towards flocks of such size has been sharply upward. In 1951 there were only 410 of them; in 1956 there were 873 and in 1961, 1,225. In 1951 these farms had 27 per cent of the turkeys, in 1956, 52 per cent and in 1961 almost 80 per cent of the total.

Thus, depending on how a commercial turkey-raising operation is defined, there would appear to have been between 1,225 and 4,433 farms raising turkeys commercially in 1961. However, a farm which raised only 123 birds annually, to an average live weight of 20 pounds, and sold them in the fall for 25 cents a pound would receive a total of \$615 for them. The net return to the producer might be about 50 cents a bird or only about \$60 annually. From this it would appear that the number of commercial producers would be closer to 1,200 than 4,000. Moreover, nearly half of the 1,200 had flocks of only about 1,000 to 2,000 turkeys which would be unlikely to net more than about \$1,000 annually.

A spokesman for the turkey growers said that for broiler turkeys an economical one-man operation would involve 10,000 to 12,000 turkeys which would be kept in confinement for 15 weeks. An operator raising these would turn out three batches in a year, or 30,000 to 36,000 broiler turkeys.⁽¹⁾

⁽¹⁾ Transcript, Vol. 1, p. 68

Speaking of heavy types he said the same numbers would be involved, that is, 10,000 to 12,000 birds per man, and that when the first batch was placed on range a second batch would be started in confinement. He said that while they were on range one man could then look after two batches, about 20,000 turkeys.⁽¹⁾ In fact, the 351 largest farms in the 1961 census had, on average, about 12,000 birds; they accounted for about 56 per cent of the total number of turkeys on farms.

The trend towards greater specialization and larger scale turkey enterprises is apparent in all provinces in the period 1951 to 1961. The growing importance of large scale operations relative to all farms reporting is also evident in the following table. In Ontario and British Columbia production is concentrated in relatively small areas; in Quebec and the Prairie Provinces production appears to be more dispersed.

Regional Distribution of Farms Reporting 973 or More Turkeys
in 1961 Compared with All Farms Reporting Turkeys

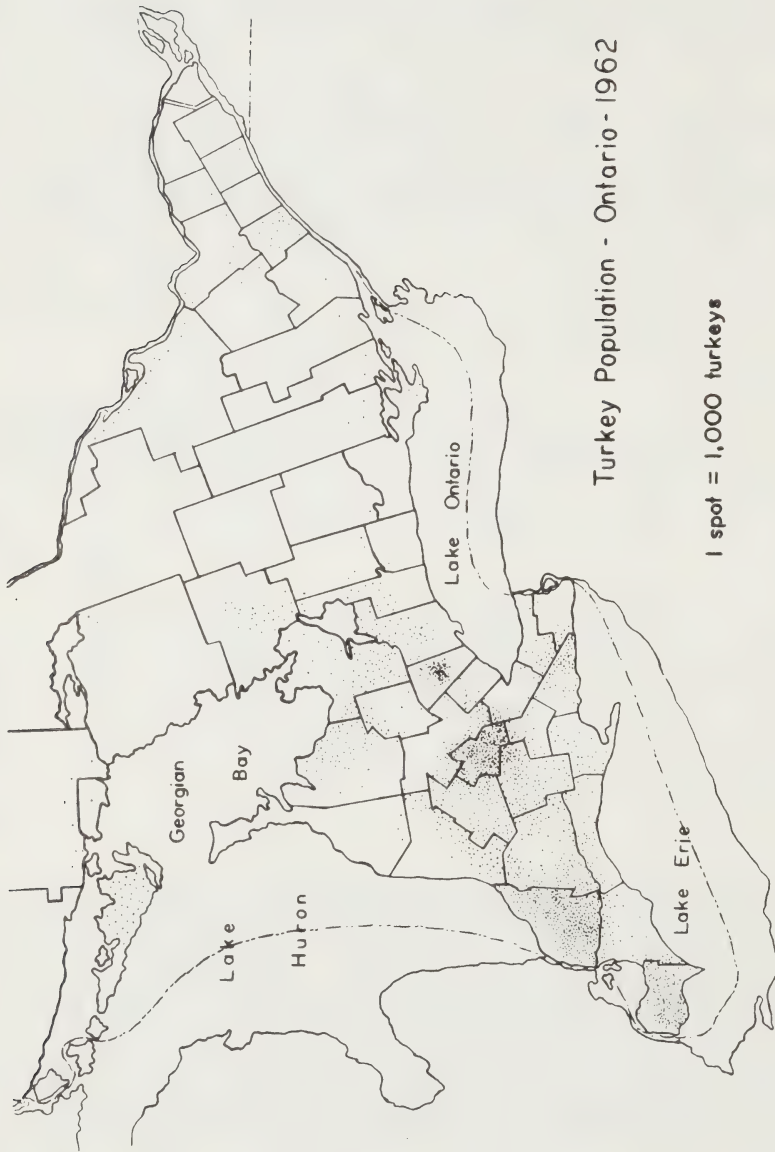
	<u>Farms with 973 or more turkeys</u>		<u>Farms with 973 or more birds as % of all turkey farms in the province</u>	
	<u>1951</u>	<u>1961</u>	<u>1951</u>	<u>1961</u>
Atl. Provs.	16	28	1.8	15.6
Quebec	83	187	2.9	12.9
Ontario	155	289	3.6	23.6
Prairies	81	639	0.2	1.9
B.C.	<u>75</u>	<u>82</u>	<u>9.1</u>	<u>15.0</u>
Canada	410	1,225	1.0	3.3

Source: DBS, Census of Agriculture

In Ontario, turkeys are raised largely in the southwestern part of the province. In 1961 five counties, Essex, Lambton, Middlesex, Oxford and Waterloo, all in the general area between Woodstock and Windsor, accounted for close to one-half of the turkeys on Ontario farms in that year, but less than one-fifth of the farms reporting turkeys. The average size of flocks in these counties varied from about 5,000 per farm in Middlesex to 6,900 in Essex. Two other counties, Perth (just north of London) and Peel, to the west of Toronto, also had large average flocks, 6,300 and 7,300, respectively. The average size of flocks in Peel county was the largest of any census subdivision in Canada. The seven counties together contained 21 per cent of Ontario's turkey farms and 56 per cent of Ontario's turkeys. In fact these seven counties accounted for 20 per cent of all turkeys in Canada but for less than one per cent of the farms which had turkeys.

In British Columbia, census division 4 (near Vancouver) had 60 per cent of the turkeys reported in the province. The average size of flocks in this area was approximately 2,400 per farm. There

(1) Transcript, Vol. 1, p. 69



Source: Ontario Department of Agriculture, Poultry Meat, Publication 9

are smaller concentrations of output near Kelowna and on Vancouver Island, near Victoria.

The trend towards increasing regional concentration of production and larger producing units appears to have been accompanied by a reduction in the number of farms raising turkeys. Between 1951 and 1961 the number of farms reporting turkeys declined from 41,820 to 36,698, a decrease of 5,122. During the same interval the average number of birds per farm increased from 60 to 209 per farm, and production of turkey meat rose from about 40 million pounds to 140 million pounds annually.

Average Numbers of Turkeys Per Farm and Output
of Turkey Meat, by Regions, 1951 and 1961

	<u>Turkeys on Farms</u>		<u>Av. Nos. Per Farm</u>		<u>Output of Turkeys</u>	
	<u>1951</u> thousands	<u>1961</u>	<u>1951</u> numbers	<u>1961</u>	<u>1951</u> million lbs.	<u>1961</u>
Atl. Provs.	91	92	103	511	1.4	1.4
Quebec	423	732	150	506	8.8	17.3
Ontario	666	2,745	156	2,241	11.1	52.8
Prairies	1,106	3,574	34	107	18.5	64.5
B.C.	<u>243</u>	<u>528</u>	<u>296</u>	<u>969</u>	<u>4.0</u>	<u>7.8</u>
Canada	2,529	7,670	60	209	43.7	143.8

Source: DBS, Census of Agriculture

Some Elements of Cost

Two types of turkeys are produced in Canada, a light type, such as the Beltsville Small Whites, and a heavy type, such as the Broad Breasted Bronze or the Broad White. The light type is used for the production of broiler weights; the heavy type is used for the production of both medium and heavy weights, the hens providing the former and the toms the latter. It is considered good practice to separate the hens and toms at an early age because their rates of gain at various ages, and consequently their feeding requirements, are different. Heavy type hens are sometimes marketed at broiler weights if market conditions are appropriate.

In Canada, light types of turkeys are generally raised in confinement. Production starts with the purchase of day-old poults which are kept in specially designed houses or barns. Heavy types are started in confinement but are usually placed on range when they are about ten weeks old. The season of the year, general weather conditions and the preference and judgment of the operator determine whether the period of confinement will be shorter.

The cost of turkey poults varies according to type, broiler poults being between 45 to 50 cents each and heavy types 65 to 75 cents

each. In the U.S.A. comparable costs of poults would be 35 to 45 cents for light types and 50 to 55 cents each for heavy types. Turkey poults are dutiable under tariff item 9c, "turkey poults, baby ducklings and baby goslings", at 12½ p.c. from the United States. About 20 per cent of Canadian requirements of poults was said to be imported from the U.S.A. either as poults or eggs.

Broiler turkeys generally reach market weight when they are 14 to 16 weeks old. At that time they weigh from 8 to 12 pounds and yield an eviscerated carcass of from 6 to 10 pounds. Heavy type hens reach market weight in about 20 to 22 weeks when they weigh from 12 to 20 pounds and dress out at 10 to 18 pounds. The toms are marketed at a weight to yield carcasses of over 18 pounds. They achieve this weight in about 26 weeks, but they may be kept longer than this and be sold at considerably heavier weights, depending on market conditions and the knowledge and judgment of the operator.

The efficiency with which a turkey converts feed into meat varies at different ages and tends to decline rapidly after reaching the optimum age and weight for its type. The weight, and therefore the age at which the various types of birds are marketed is closely related to the efficiency of feed conversion. This is clearly illustrated in the tabulation below. Although the data pertain to experience in the U.S.A., they would be approximately applicable in southwestern Ontario.

Growth Rate and Feed Conversion Efficiency of Turkeys
for Selected Weeks

<u>Beltsville Small White</u>						
<u>Week</u>	<u>Av. Wt. Per Bird</u>			<u>Lbs. Feed Per Lb. Wt. Gained in the week</u>		
	<u>Hens</u>	<u>Toms</u>	<u>Mixed</u>	<u>Hens</u>	<u>Toms</u>	<u>Mixed</u>
		pounds			pounds	
4th	0.8	1.0	0.9	2.7	3.0	2.7
8	1.8	3.0	2.4	3.0	2.7	2.8
12	3.8	6.1	4.9	2.3	2.9	2.8
14	5.1	8.1	6.6	4.0	3.0	3.4
16	6.3	9.8	8.0	4.5	4.1	4.3
17	6.8	10.6	8.7	6.8	4.4	5.0
18	7.3	11.3	9.3	6.8	5.1	5.8
19	7.6	11.8	9.7	11.7	7.0	8.8
20	7.8	12.2	10.0	17.5	9.5	11.7
<u>Broad Breasted Bronze</u>						
4th	1.4	1.6	1.5	1.4	1.5	1.5
8	4.2	5.2	4.7	2.3	2.1	2.1
12	8.5	10.4	9.4	3.3	3.1	3.2
16	12.2	16.0	14.1	4.6	3.7	4.0
19	14.4	19.9	17.1	5.9	3.5	4.0
20	14.9	21.2	18.0	8.2	3.7	5.0
21	15.3	22.5	18.9	10.0	4.0	5.1
22	15.6	23.8	19.7	13.3	4.8	6.4
25	-	27.6	21.9	-	5.6	9.0
26	-	28.7	22.5	-	5.6	9.2
27	-	29.8	23.1	-	9.1	11.7

The data indicate that the broiler hens in the study would become uneconomic to feed after the 16th week whereas the toms could be kept an additional two weeks before their efficiency of feed conversion fell sharply. At the end of the 16th week the hens weighed 6.3 pounds and the toms 9.8 pounds. Similarly the heavy type hens would be uneconomic to keep after the 19th week while the toms might be kept until the 26th week, at which time they weighed 28.7 pounds. The heavy type hens could be marketed at between 14 and 16 weeks as heavy broilers.

If a flock of broilers of mixed sexes were marketed at 14 weeks, their average weight, according to the data in the table, would be 6.6 pounds. During the 14 weeks they would have consumed an average of 2.7 pounds of feed per pound of turkey meat and a total of 18 pounds of feed per bird. A mixed flock of Broad Breasted Bronze, which was marketed after 21 weeks, would have consumed an average of 3.3 pounds of feed per pound of meat, would have an average weight of 18.9 pounds per bird and each bird would have consumed an average 61.4 pounds of feed during the 21 week period.

In an operation involving 10,000 broiler turkeys considerable financing is required before the birds are sold. Assuming a mortality of five per cent, the cost of 10,500 broiler poults, at 50 cents each,⁽¹⁾ would be \$5,250. If the flock was sold at 14 weeks of age, according to the tabulation, the turkeys would have consumed a total of 90 tons of feed averaging about \$85 a ton,⁽²⁾ the total cost being about \$8,000. Thus, exclusive of other costs, the financing of the poults and the feed for one batch of 10,000 broilers would require about \$14,000 over a period of about 3½ months.

In the case of heavy birds the financing requirements would be much higher and over a much longer period of time. Heavy weight poults were said to cost about 67 to 68 cents each in Canada,⁽³⁾ and 21,000 would be required (allowing five per cent for losses) to raise two batches, each of 10,000 turkeys. The cost of 21,000 poults, at 68 cents each, would be \$14,280. Using the data from the preceding table and assuming that the hens are sold at 19 weeks and the toms at 26 weeks, the hens would consume about 235 tons of feed and the toms 500 tons at a total cost, at \$85 a ton, of \$62,500. In the Canadian Poultry Review for August, 1963, the cost of poults and feed was estimated to be 88 per cent of the total cost of raising turkeys.⁽⁴⁾

It is apparent from the foregoing that considerable financing is required to raise a crop of turkeys, whether light weights or heavy weights. Even a relatively small commercial flock of 1,000 heavy birds would incur a cost of almost \$4,000 for poults and feed alone. It was agreed at the public hearing that most producers would purchase their feed.⁽⁵⁾

(1) Transcript, Vol. 1, p. 45

(2) Same, Vol. 1, p. 49

(3) Same, Vol. 1, p. 44

(4) Canadian Poultry Review, August, 1963, p. 48

(5) Transcript, Vol. 1, p. 116

A considerable amount of the financing is provided by hatcheries which sell poults, by feed dealers, feed manufacturers or by processing plants. The hatcheries and feed dealers have an obvious interest in assuring themselves of a market for their products; the processors are interested in assuring a continuous flow of turkeys through their plants in order to achieve economies of scale and efficient operation.

As a result, a considerable integration of the turkey industry has occurred, with hatcheries, feed manufacturers and processors acquiring an increasing control over the production of turkeys. The integration might, of course, originate with a large-scale grower who acquires a hatchery, a feed business or a processing plant.

The nature of the arrangements is variable. In some instances a processing plant may offer a grower a fixed amount per bird and supply the poults and feed; in other cases a hatchery, feed company or processor, separately or in cooperation with each other, may finance poult and feed costs and offer a producer a guaranteed floor price when the turkeys are marketed. There appear to be variations in these arrangements, some of which involve, for example, payment of more than the floor price if the market price is above a specified level when the turkeys are marketed. The risk involved in a floor price may be assumed by any of the three other interests or by a combination of them. In general, when a producer undertakes to raise turkeys under contract, the number of birds, the type and source of poults, the kind and source of feed, and the age at which the birds would be delivered to a particular processing plant, may all be specified.

The measurement of the extent of the integration which does exist is very difficult, depending as it does, in part, on what types of association are included and the extent to which, early in the growing season, the turkey grower is committed to a particular hatchery, supplier of feed, or processor of his birds. The spokesman for the Canadian Turkey Federation, for example, estimated that integration applied only to about 25 per cent of production, whereas the spokesman for Export Packers, using a less rigid standard, suggested that 75 per cent of the turkeys grown in Ontario were tied into some contract or agreement early in the season.⁽¹⁾ A larger proportion of the production in Western Canada was said to be independent. The degree of integration was said to be higher in Ontario and Quebec, at least partly because of the concentration of turkey broiler production in these two provinces.⁽²⁾

The Cost of Raising Turkeys - Canada and the U.S.A.

The spokesman for the Canadian Turkey Federation submitted that a number of factors tended to make the costs of growing turkeys higher in Canada than in the U.S.A. Poults were said to cost more; feed costs were said to be higher; equipment, mostly imported, was

(1) Transcript, Vol. 2, p. 254

(2) Same, Vol. 1, p. 122

said to be more expensive; building costs were said to be higher in Canada than in some parts of the U.S.A because of the more rigorous climate in Canada, and the cost of some medicines and other supplies also was said to be higher in Canada. The duty on some things, for example on poult, equipment, feed and medicines, was cited as one reason for these articles to cost more in Canada than in the U.S.A.

"The Canadian turkey grower, of course, is faced with using medicants brought in from the United States, and these are subject, of course, to duties of which I do not know the amount; but our medication and our drugs are all subject to import duties and exchange, of course.

"...Canadian turkeys are raised with equipment -- feeders, waterers, brooders which, again, are generally imported from the States, and these items coming into Canada are subject in many cases to 22½% duty plus the cost of sales tax plus the exchange rate, thereby making the cost of equipment to the Canadian turkey grower a much higher level than the cost of the equipment to his corresponding counterpart in the States." (1)

The Board has not attempted to make a detailed study of comparative costs of raising turkeys in Canada and in the U.S.A. Such a study would be very time-consuming and would be subjected to many hazards, not the least of which is the difficulty in making a truly representative comparison, given the differences in both countries between one region and another and even between one grower and another. Moreover, conditions have been changing rapidly in the industry and some difficulty would be encountered in any attempt to reach conclusions which would continue to be representative. Any such study would have to include, in addition to the elements of costs referred to above, other factors such as labour, fuel and power costs. Some general considerations, however, seem to permit tentative conclusions to be drawn.

The most significant element of cost in raising turkeys is the cost of feed. This has been represented as accounting for about 70 per cent of the total cost. The principal ingredient of turkey feed in Ontario is corn, but it is generally fed as mixed feed which contains added protein, often soya bean meal, and small quantities of other additives as well. In one example cited, the price of corn was given as \$U.S. 44.50 per ton in Chicago and \$51.79 at Chatham, a difference of about 16 per cent. (2) This difference was approximately equivalent to the discount on Canadian funds and the duty of eight cents per bushel on corn entering Canada from the U.S.A. It is not known, however, to what extent turkey growers make use of imported supplies, or whether the price of Canadian corn to growers typically reflects exchange and duty.

Some data were submitted by the Turkey Growers Federation on the prices of mixed feeds. These were submitted as the prices by Swift Company in Missouri, Indiana and Ohio, in the U.S.A., and the Swift Canadian Company at Wyoming, Ontario.

(1) Transcript, Vol. 1, p. 50, 51

(2) Same, Vol. 1, p. 59

Examples of Feed Prices Per Ton, Canada and the U.S.A.,
September, 1964

<u>Feed</u> ^(a)	<u>U.S.A.</u> \$U.S.	<u>Canada</u> \$Can.
28% turkey starter	90	111
20% turkey grower	78	88
18% " "	76	85
16% " "	73	83
14% turkey finisher	71	80

Source: Transcript, Vol. 1, p. 49, 50

(a) The percentage designations refer to protein content.

Mixed feeds, if imported, would likely be entered under tariff item 711 at a rate of duty of 20 p.c. from the U.S.A. The prices in Canada, therefore, do not appear to reflect the full difference accounted for by the exchange rate and the duty.

If feed costs account for 70 per cent of the total cost of raising turkeys, feed costs which were 15 per cent higher in Canada than in the U.S.A. would represent an addition to total costs of 10 or 11 per cent. Thus, if it cost 20 cents per pound to raise a turkey in the U.S.A., this additional element of cost, taken by itself, would indicate a cost in Canada of about 22 cents per pound, or an additional two cents per pound.

Other information, made available in the course of the public hearing or contained in publications, gives general orders of magnitude of costs in the two countries.

The Canadian Poultry Review, August, 1963, contained the following analysis from a study which had been carried out in Ontario.

Cost of Producing a Pound of Turkey,
Heavy Weights, Mixed Flock, Live Weight

Average No. of birds	15,120
(Variation: 11,600 to 25,600)	
Average live weight	20.16 lbs.
(Variation: 18.89 to 21.85 lbs.)	
Average mortality	12.81%
(Variation: 7.01 to 13.00%)	
Average feed conversion	3.91 lbs.
(Variation: 3.61 to 4.02)	

Costs per Pound, Live Weight

	<u>Average</u>	<u>Variation</u>	<u>Per Cent of Total</u>
Feed	16.79	14.7 - 19.4	71.50
Poults	3.89	3.5 - 4.08	16.56
Depreciation, taxes, insurance, interest	.92	.80 - 1.23	3.91
Labour	.84	.67 - 1.50	3.57
Fuel & Light	.42	.29 - .61	1.78
Misc. & Admin.	.33	.09 - .65	1.45
Medication & Sanitation	.17	.04 - .28	.72
Litter	<u>.12</u>	<u>.06 - .20</u>	<u>.51</u>
Total	23.48	20.15 - 27.95	100.00

A similar study for broilers showed somewhat higher costs, 24.96 cents per pound.

The results of an earlier study in the United States were reported in the Canadian Poultry Review, June, 1959. This was for turkeys raised in California, which has been represented as the region of lowest costs in the U.S.A. The results of a study of a flock in Ontario were also reported in the same issue. Costs for the Canadian flock of hens and toms were 23.22 cents per pound, almost the same as is shown in the above 1963 survey. The California study gave the following results.

Cost of Producing a Pound of Turkey,
California, U.S.A.

	<u>Mature Weight</u>	<u>Fryer</u>
Mortality	4 to 7%	3 to 6%
Weight of hens (lbs.)	14	-
Weight of toms (lbs.)	25	-
Average weight (lbs.)	20	7.8
Age hen sold (weeks)	21 - 24	13 - 17
Age toms sold (weeks)	25 - 29	13 - 17
<u>cents per lb.</u>		
Feed	14.5 - 16	13 - 15
Poults	3 - 3.5	4.5 - 8
Miscellaneous	1.6	2
Labour	<u>1.5</u>	<u>2</u>
Total Cash Cost	21.3	24 - 25
Interest	.6	.3 - .4
Depreciation	<u>.9</u>	<u>.5 - .6</u>
Total	22.8	24.8 - 26.0

The fryer costs in the California study are about the same as those in the Canadian study; costs for the heavy-weight birds are lower than in Canada by less than one cent per pound. It is possible, of course, that costs in California have been further reduced since the survey was made, although for the Canadian studies reported in 1959 and in 1963 there was no apparent decline in costs over the period.

A comparison of the Canadian and the California studies, disregarding the lapse of time, suggests that feed costs and poult costs are somewhat higher in Canada, labour costs somewhat lower and the other costs, in aggregate, also somewhat lower.

A noteworthy feature of turkey raising is that there is likely to be considerable variation in costs from one grower to another and even for the same grower under different conditions, over some of which he has very little control. Hence, the above results should be regarded only as illustrative, though some of the statements which were made at the public hearing suggest that they may be fairly representative. A spokesman for the Canadian Turkey Federation, speaking of prices for live turkeys, noted:

"The California prices ... during the months of January to August of 1964, as quoted, are average prices: Hens, 21.5¢ per pound and toms 20.5¢ per pound.

"Now, we feel that these are prices literally below the cost of production." (1)

Referring later to a price list dated November 21, 1964, for live turkeys in Canada, the spokesman noted:

"The prices listed under 'juniors' broilers at 22 to 23 cents a pound are certainly, and have been for the past ten months, below the cost of production. The price on hen weights 26, 27 cents a pound, in this case, does return expenses to the grower; it is higher here than it was earlier in the season, of course; and the tom weight prices, as shown here, too, 23 to 24 cents a pound I do say just about return to the grower the cost of production." (2)

For heavy weight birds, therefore, it seems reasonable to place costs of production in Canada at about 23 to 24 cents a pound, with costs, in the U.S.A., even in the region of lowest costs, not much lower. When these estimates of cost of production are compared with the prices of live turkeys late in 1964 they suggest that even efficient growers in both countries are, at times, working on very narrow margins or even at a loss.

(1) Transcript, Vol. 1, p. 30

(2) Same, Vol. 1, p. 72, 73

Seasonal and Regional Production

The Canadian pattern of output and consumption of turkeys is very seasonal, more than half of the slaughter and consumption occurring in the last quarter of the year and only about eight per cent in the first quarter. The periods of heaviest consumption occur early in October, around Thanksgiving, and in December, around the Christmas season. Production and consumption of broiler turkeys are much less seasonal than for heavy types. The medium weight turkeys are hens that are sold a few weeks earlier than the toms and therefore reach the peak of their slaughter in the third and fourth quarters, whereas two-thirds of the slaughter of heavy turkeys is in one quarter, the fourth.

Turkeys Slaughtered in Registered Stations, by Quarter,
and by Weight Class, Average 1961-63

	<u>Light</u> million lbs.	<u>Medium</u> lbs. evisc.	<u>Heavy</u> wt.	<u>Light</u> per cent	<u>Medium</u> of annual total	<u>Heavy</u>
1st	5.4	1.6	2.6	21.3	4.0	4.5
2nd	5.7	4.3	1.8	22.5	10.7	3.1
3rd	5.7	15.1	15.0	22.5	37.5	26.0
4th	<u>8.5</u>	<u>19.2</u>	<u>38.3</u>	<u>33.6</u>	<u>47.6</u>	<u>66.3</u>
Year	25.3	40.3	57.8	100.0	100.0	100.0

Source: Canadian Dept. of Agriculture, Annual Poultry Market Review

Light weight turkeys are raised mainly in Ontario and Quebec, Ontario being by far the largest producer. The two Central Provinces account for almost 90 per cent of Canadian output of broiler-weight turkeys. The Prairie Provinces and Ontario account for most Canadian production of medium and heavy turkeys.

Slaughter in Registered Stations, by Province and
by Weight Class, 1962 and 1963

	<u>Light</u>		<u>Medium</u>		<u>Heavy</u>	
	<u>1962</u>	<u>1963</u>	<u>1962</u>	<u>1963</u>	<u>1962</u>	<u>1963</u>
	million pounds eviscerated weight					
B.C.	1.0	1.6	3.3	2.2	4.5	3.1
Prairies	1.4	1.7	15.6	13.7	24.6	24.2
Ontario	13.4	17.4	18.9	14.7	25.6	26.3
Quebec	9.0	9.3	4.6	3.8	5.6	4.5
Atl. Provs.	<u>0.1</u>	<u>0.4</u>	<u>0.2</u>	<u>0.1</u>	<u>*</u>	<u>*</u>
Canada	25.0	30.5	42.7	34.5	60.4	58.2

Source: Canada Dept. of Agriculture, Annual Poultry Market Review

The relative importance of light and heavy turkey production varies considerably from province to province. In British Columbia about one-quarter of the output is of light-weights and in the Prairies only four per cent is of these weights. In Ontario, broilers account for almost one-third of the output, while in Quebec they account for more than half and in the Atlantic Provinces for almost three-quarters of the total.

Processing Plants

Canada's output of turkeys is processed in a large number of plants but relatively few of these are primarily turkey processors. Some of the plants slaughter only for local consumption and are not under federal inspection; these are generally smaller plants. However, there are a number of plants that are under federal inspection (registered stations) and these are usually organized for "assembly line" operation; they have facilities for killing, eviscerating and freezing poultry. Poultry enters the plant alive and leaves the assembly line eviscerated, packed, usually in a cryovac bag, ready for chilling and freezing.

In 1963 there were 56 such plants in Canada. All, or almost all, of these could process various kinds of poultry. These plants processed 113 million pounds of turkey meat in 1963, and accounted for 92 per cent of the turkeys eviscerated in Canada. Twenty-three of these plants processed more than two million pounds each in 1963 and accounted for two-thirds of the total slaughter.

Because of the highly seasonal nature of the production and marketing of turkeys, processing plants must be equipped to handle the flow of product at the peak of the season in the last quarter of the year. In recent years the monthly peak has been October and November. For example, in 1964, the total slaughter in registered stations in October was 34.4 million pounds of turkeys; in the five months, January to May, it varied between about three and four million pounds a month. Although the slaughter ordinarily increases from June to September, the kill even in September is well below the levels reached in October and November.

As a result, processing plants operate far below capacity from January to July. Three of the last five months, August, September and December, are months of relatively large through-put, but are still well below capacity.

In a recent study of turkey processing plants in the U.S.A.,⁽¹⁾ it was found that only four per cent of the firms operated at more than 60 per cent of their annual capacity, and almost half of the plants in the sample operated at less than 30 per cent of potential annual capacity. It is probable that Canadian experience would be generally comparable. The seasonal patterns of Canadian and U.S. slaughter are similar, with Canadian slaughter showing a smaller seasonal decline in the first six months of the year than that in the U.S.A.

(1) United States Department of Agriculture, Costs and Economies of Scale in Turkey Processing Plants, Marketing Research Report No. 627, September 1963

The above study related to the fiscal years of 1960 and 1961 and covered plants ranging in capacity from less than 200 to more than 2,000 heavy young hens per hour. The authors estimated that the plants in the sample accounted for more than 25 per cent of the volume handled by establishments in the U.S.A. that kill large numbers of turkeys. The plants were located in Minnesota, Wisconsin, Kansas, California, Utah, Colorado and Virginia. A tabulation of the survey results is reproduced below. It should be noted that the costs are in terms of U.S. currency and exclude the cost of delivery to the processing plant and transportation from the plant to the storage warehouse.

Average Processing Costs per Pound Eviscerated Weight,
for Major Market Classes of Turkeys,
in the U.S.A., 1960-61

	Heavy Young Hens	Heavy Young Toms	Heavy Hens & Toms	Breeders	Fryer- Roasters (Broilers)
	U.S. cents per lb. evisc. weight				
Wages & salaries(a)	2.70	2.02	2.27	2.68	3.04
Packaging, supplies, miscellaneous(b)	2.00	1.87	1.92	1.94	2.19
Utilities, ice, freez- ing, storage(c)	0.95	0.72	0.80	0.73	0.70
Fixed overhead(d)	<u>1.01</u>	<u>0.76</u>	<u>0.85</u>	<u>0.85</u>	<u>0.78</u>
Total proc. cost	6.66	5.37	5.84	6.20	6.71

Source: U.S.D.A., Marketing Research Report No. 627, p. 5,
January, 1963

- (a) Includes plant labour, supervisory, office and managerial personnel, plus fringe benefits
- (b) Includes all plant and office supplies, grading and inspection, professional services, management travel, dues, contributions, advertising
- (c) Includes ice, if purchased, outside freezing and storage facilities where used
- (d) Includes repairs and maintenance, rent, depreciation, interest, taxes, insurance

No comparable data are available for Canada. However, at the hearing there was general agreement that the typical processing margin in Canada was eight cents a pound on an eviscerated weight basis.⁽¹⁾ This includes pick-up of turkeys at the farm, delivery of carcasses to the cold storage warehouse and profit, if any, to the processor. Allowing one cent per pound for these factors, it would seem that the cost of processing in Canada is greater than that in the U.S.A. by something in excess of one cent a pound.

⁽¹⁾ Transcript, Vol. 1, p. 57

The Market

Canadian consumption of turkey meat has been increasing rapidly and in 1964 was approximately 164 million pounds with an estimated market value exceeding \$55 million. The demand for turkey meat reflects not only population growth but an increasing consumption per person. In the ten year period, 1955-64, consumption has increased from 5.0 pounds to 8.5 pounds per person and total consumption from 77.8 to 164.3 million pounds. This per capita consumption was said to be the highest in the world.

Apparent Domestic Disappearance of Turkey Meat,
Selected Years, 1950-64

	<u>Total</u> million lbs.	<u>Per Person</u> lbs.
1950	34.2	2.5
1953	52.2	3.5
1956	96.4	6.0
1959	137.2	7.8
1962	142.5	7.7
1963	157.4	8.3
1964	164.6(a)	8.5(a)

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202
(a) Partly estimated

Virtually all of the turkey meat entering commercial trade is inspected and graded. The standards that are used are uniform throughout Canada and are enforced by officers of the federal Department of Agriculture. The official grades for turkeys are: Special, A, B, Utility, C and D. The grade specifications relate to such factors as conformation, fleshing, the degree of finish and the quality of dressing. The latter factor takes into account such matters as pin feathers, tears and discolouration.

The great bulk of the production of turkey meat is sold to consumers through retail stores as eviscerated turkeys. Much smaller quantities are sold to institutions such as restaurants and hospitals, and even smaller amounts are used for the production of soups, prepared frozen dinners, turkey rolls and similar products. Large purchasers, such as chain stores and processors, tend to purchase in carload quantities.

Seasonal Demand

As noted above, Canadian demand for turkey meat is very seasonal, most of the consumption occurring in the last quarter of the year. During the past three years (1961-63) the average consumption

in the last quarter was 66 million pounds, slightly more than half of the total consumed during the year. The seasonality of demand for light weights is much less pronounced than for medium and heavy weight birds.

Consumption^(a) of Turkey Meat, by Quarter
and Weight Class, Average 1961-63

<u>Quarter</u>	<u>Light</u>	Medium and Heavy million pounds	<u>Total</u>
1st	5.2	8.5	13.8
2nd	6.3	13.2	19.5
3rd	5.2	19.3	24.5
4th	8.0	58.0	66.0
Year	24.7	99.0	123.7

Source: Computed from data published by DBS and the Canada Dept.
of Agriculture

(a) Based on slaughter in registered stations

Consumption of light weight turkeys is growing rapidly and is becoming increasingly important in the first half of the year. Consumption of light turkeys has risen from about 16 million pounds in 1960 to approximately double that amount in 1964. At the beginning of this period it was 18 per cent of the total consumption; in 1964 it was almost 25 per cent of the total. Its growing importance in the early quarters is indicated by the 1964 data. In the first six months of the year Canadians consumed 17.5 million pounds of light weight turkey and 21.1 million pounds of medium and heavy weights. Five years earlier, in 1960, the Canadian consumption in the first six months of the year consisted of 7.0 million pounds of light weights compared with 27.8 million pounds of medium and heavy.

Relatively few medium and heavy birds reach market during the first six months of the year, an average of 10.3 million pounds in the three years 1961-63. In the same period consumption of these weight classes averaged 21.7 million pounds, the deficit in output being 11.4 million pounds. Such deficits would be made up by imports or by withdrawals from storage stocks. During these three years, imports were under quota and in the first half of the year averaged only 1.3 million pounds; storage withdrawals were principally responsible for bridging the gap between supply and demand. Storage stocks of medium and heavy birds reach their peak at December 1. Average storage stocks, of medium and heavy turkeys, at this date, 1961-63, were 44.3 million pounds. Stocks of medium and heavy weights decline from December 1 to July 1 and then begin to rise as the hens begin their seasonal movement to market. Stocks of heavy birds, mainly toms, begin to increase about four weeks later.

Stocks in Storage of Medium and Heavy Turkeys,
by Months, Average 1961-63

	<u>Stocks at first of month</u>			<u>Accumulation (+) or Withdrawal (-)</u>		
	<u>Medium</u>	<u>Heavy</u>	<u>Medium plus Heavy</u>	<u>Medium</u>	<u>Heavy</u>	<u>Medium plus Heavy</u>
	million pounds			million pounds		
Jan.	5.4	12.8	18.2			
Feb.	5.5	12.9	18.4	+ 0.1	+ 0.1	+ 0.2
March	5.1	11.6	16.7	- 0.4	- 1.3	- 1.7
April	4.7	9.8	14.5	- 0.4	- 1.8	- 2.2
May	3.3	8.0	11.3	- 1.4	- 1.8	- 3.2
June	3.1	6.5	9.6	- 0.2	- 1.5	- 1.7
July	3.1	5.0	8.1	-	- 1.5	- 1.5
Aug.	3.8	4.5	8.3	+ 0.7	- 0.5	+ 0.2
Sept.	6.1	5.3	11.4	+ 2.3	+ 0.8	+ 3.1
Oct.	10.3	9.4	19.7	+ 4.2	+ 4.1	+ 8.3
Nov.	13.2	17.5	30.7	+ 2.9	+ 8.1	+11.0
Dec.	17.2	27.1	44.3	+ 4.0	+ 9.6	+13.6
Jan.	5.4	12.8	18.2	-11.8	-14.3	-26.1

Source: DBS, Stocks of Dairy and Poultry Products, Cat. No. 32-009

As Canadian consumption increased, the amount of turkey meat carried over from the fall of one year to supplement slaughter in the spring and summer of the next has also increased. Canadian marketings of turkeys are sufficient to meet the demand from about July to December; from January to June marketings of medium and heavy birds are currently about 15 million pounds less than the demand. Unless the carryover at the beginning of the year is sufficient to supplement marketings by something like that amount in the six or seven months following, imports will tend to make up the difference as prices rise and importations from the U.S.A. become attractive. This is illustrated in the following tabulation.

Slaughter, Disappearance, Imports and Storage Withdrawals of
Medium and Heavy Turkeys, First Six Months of Each Year,
1961-64

<u>Jan.-June</u>	<u>Slaughter</u>	<u>Disapp.</u>	<u>Deficit(c)</u>	<u>Storage Withdrawal</u>	<u>Imports</u>
		million pounds			
1961	8.8	17.2	8.4	5.7	2.5
1962	11.6	22.3	10.7	9.6	1.2
1963	10.6	25.7	15.1	15.2	-
1964	7.0(a)	19.7	12.7	7.7	5.0(b)

Source: Computed from data published by the Canada Dept. of Agriculture and DBS

(a) Excludes imports of 1.4 million pounds of live heavy turkeys

(b) Includes imports of live heavy turkeys

(c) Disappearance minus slaughter

Regional Demand

The available statistics are inadequate for calculations of regional consumption of turkey meat. However, the survey of urban family food expenditures, conducted by the DBS in 1957, suggests that purchases of poultry meat are highest east of the Great Lakes. These data would not necessarily reflect the consumption pattern because the survey is based on expenditures for food and a considerable amount of poultry meat is raised for own use, particularly west of the Great Lakes.

As indicated earlier, production of turkeys varies widely between provinces and regions. The variations are more noticeable when slaughter in registered stations is related to regional population, as below.

	<u>Population(a)</u> '000	<u>Marketings</u> '000 lbs.	<u>Marketings</u> <u>per Person</u> pounds
Atlantic Provs.	1,958	494	0.25
Quebec	5,468	17,591	3.22
Ontario	6,448	58,410	9.06
Prairie Provs.	3,288	39,645	12.06
B.C.	1,695	6,940	4.09
Canada	18,896	123,080	6.51

Source: Computed from data published by DBS and the Canada Dept.
of Agriculture
(a) At June 1st, 1963

It is important to note that the preceding table relates only to commercial marketings through registered stations and therefore the slaughter per person will be less than the published consumption per person because the latter takes account of production for own use, imports and changes in the carryover from one year to the next. In 1963, for example, Canadian consumption from commercial marketings only was 7.1 pounds per person; the comparable figure inclusive of farm home consumption was 8.3 pounds per person.

The tabulation illustrates another feature of the Canadian market. The Prairie Provinces constitute a region of surplus production, while the Atlantic Provinces, Quebec and British Columbia are areas of deficit production in relation to demand. It appears that Ontario is approximately self-sufficient with respect to production and consumption of turkey meat.

Available information, though incomplete, indicates that Manitoba and, to a lesser extent, Saskatchewan are substantial suppliers of the Quebec market, and that production in Alberta and Saskatchewan supplements that of British Columbia. The Atlantic Provinces obtain supplementary supplies from Ontario and the Prairies. Ontario, the largest producing province of broiler weight turkeys, is known to ship some of these to the Prairie Provinces.

Foreign Trade

Most of the Canadian demand for turkeys has been supplied by domestic production. However, it is difficult to assess imports as a part of Canadian supplies because of the controls that were in effect from July 17, 1957 until August 21, 1963, a period of rapid development of the industry.

In 1953 and 1954 imports increased sharply to about 5.5 million pounds annually. In 1955 they rose to 10.7 million pounds and continued to increase in 1956 and in the first part of 1957. Turkeys were placed under price support and import control was imposed effective July 17, 1957.⁽¹⁾ Under the regulations turkeys could be imported only after an Import Permit had been obtained. There were no imports of turkey meat recorded in the last part of 1957. In 1958 and 1959 imports amounted to 449,000 pounds and 343,000 pounds, respectively, compared with an annual volume of imports of 13 million pounds in 1956, immediately preceding the imposition of import controls.

In a press release by the Department of Agriculture, dated July 31, 1961, the statement was made that

"The Minister also pointed out that the import control on turkeys remains in effect. This limits importations of turkeys into Canada to a total of four million pounds per year, with a maximum importation of two million pounds in any one quarter."⁽²⁾

The apparent liberalization of import quotas, in 1960 and 1961, resulted in importations of approximately the full amounts permitted in each year, namely, about four million pounds of turkey meat. In 1962 imports declined to 2.5 million pounds, well below the amount allowed under the quota, and in 1963 there were practically no imports. Turkeys were removed from the Imports Control List, effective August 21, 1963.⁽³⁾ From that date turkeys could be imported into Canada without an Import Permit.

At their peak, in 1956, before imports were placed under control, the 13 million pounds of turkeys that were imported constituted 14 per cent of Canadian consumption in that year. Imports during the period of controls, 1957 to 1963, varied from approximately four per cent of Canadian use in 1960 to virtually zero in the 12 months preceding removal of controls. In 1964, imports of live and eviscerated turkeys were equivalent to about ten million pounds of eviscerated weight, about six per cent of the estimated Canadian consumption.

Canada has imported turkeys only from the U.S.A. With the exception of 1964 practically all imports in recent years have been

(1) P.C. 1957-956, SOR/57-276, The Canada Gazette, Part II, Vol. 91, No. 14, p. 807, July 16, 1957

(2) Press Release No. 1 - 296, July 31, 1961

(3) P.C. 1963-1256, SOR/63-320, The Canada Gazette, Part II, Vol. 97, No. 17, p. 988, Sept. 11, 1963

eviscerated turkeys, mostly medium and heavy weight birds. The consensus of expert opinion is that light-weight birds ordinarily constitute a very small proportion of the imports.

Inspected Imports of Dressed and Eviscerated Turkeys,
by Region of Destination, Selected Years, 1955-64

	<u>B.C.</u>	<u>Prairie</u> <u>Provs.</u>	<u>Ont.</u>	<u>Que.</u>	<u>Canada</u>
		'000 lbs.	evisc. wt.	equivalent	
1955	1,044	674	6,228	2,330	10,276
1956	1,307	336	8,048	2,697	12,388
1960	283	361	2,644	857	4,145
1961	305	182	2,735	818	4,041(a)
1962	321	122	1,685	324	2,452
1963	-	-	39	-	39
1964	1,089	639	2,714	849	5,291

Source: Canada Dept. of Agriculture, Markets Information Section,
special tabulation

(a) Includes 1,000 lbs. into the Atlantic Provinces

From the earlier discussion of surplus and deficit areas, it would seem reasonable to expect that most imports would be entered into Quebec, British Columbia and the Atlantic Provinces. However most imports have in fact been into Ontario. The quantities that have been imported into British Columbia and Quebec are far short of the probable deficits in those provinces and there have been practically no imports into the Atlantic Provinces, although this region produces much less turkey meat per person than any other part of Canada.

This suggests that most regional deficits are supplied by interprovincial movements of turkey meat. It also suggests that Ontario distributors encounter shortages of particular classes of heavy turkeys and supplement their supplies by importing these from adjacent areas in the U.S.A. This is supported by the fact that the largest part of the imports is in the first nine months of the year, while most marketings of medium and heavy turkeys are in the last quarter of the year. That is, most turkey meat is imported when domestic marketings are at their seasonal low and when the demand for medium and heavy weight birds is generally met in large part by drawing on stocks and, in varying amounts, by imports. The particular situation in 1964 is dealt with in detail later in this Report.

Canada exports only small quantities of turkey meat; from 1950 to 1963 the largest amount exported in any year was 750,000 pounds, in 1950. From 1953 to 1962 exports did not exceed 70,000 pounds in any year, and in most years were less than 20,000 pounds. In 1963 exports rose to 280,000 pounds and in 1964 they were about half of this amount. Exports are usually to Europe, South America and the West Indies.

Prices and Pricing Policy

Turkeys are sold by producers on the basis of live weight at the farm or at the processing plant. A survey of a selection of large Ontario processing establishments indicated a shrinkage in weight of 1.5 to 2.7 per cent between farm and plant for mature turkeys and a shrinkage of from 2.0 to 3.0 per cent for turkey broilers.⁽¹⁾

Prices are published for "No. 1 Live Turkeys" delivered at processing plant. The designation of "No. 1" is not a grade in the same sense that "A" or "B" is a defined grade for eviscerated turkeys. A flock which is purchased as being "No. 1 Live" would, in the judgment of the purchaser, yield the normal distribution of the various grades of eviscerated turkeys.

A producer who prefers to retain ownership of his turkeys may have his birds processed usually at a cost of eight cents a pound, eviscerated weight.⁽²⁾ This charge includes pickup at the farm, transportation to the processing plant, processing into the eviscerated form, packaging in a plastic bag, chilling and delivery to his account to a cold storage warehouse.

Most of the eviscerated product is sold on the basis of grade, and prices are quoted, by grade, for carload lots delivered to a buyer's warehouse. An additional charge of one-half to one cent a pound is made if a carload is to be split and delivered to several stores of a chain.

It is generally accepted that 100 pounds live weight yields about 82 pounds eviscerated weight. In fact, there is a variation in yield between light and heavy birds and also, within a particular weight class, between males and females. However 82 per cent appears to be a widely accepted factor for most calculations.

The trend of Canadian turkey prices had been declining prior to 1961; prices were then relatively stable until the end of 1963. The decline in prices appears to reflect technological advances in production, processing and distribution and the development of a much larger scale of commercial operations. Thus, although average prices received by producers were 30 per cent lower in the four years 1960-63 than in the period 1950-53, average output of turkey meat per year was nearly three times as great in the later period as in the earlier.

Prices do not exhibit as pronounced a seasonal pattern as do production and consumption. Average prices of light-weight turkeys are generally highest in the last quarter of the year. The seasonal price pattern for heavy birds is different from that of light turkeys. Heavy turkeys are lowest in price in October and November, when marketings are heaviest, and then increase in the months that follow.

(1) Ontario Dept. of Agriculture, Publication 9, Poultry Meat, p. 48

(2) Transcript, Vol. 1, p. 57

As indicated earlier, in the first six months of the year about half of the turkey meat that is used is supplied by current marketings and the other half is supplied by withdrawals of turkeys stored in the preceding fall or by imports. Prices of heavy turkeys are at their seasonal peak in June and July, just before the heavy type hens begin to be marketed and when storage stocks are at their seasonal low.

Average Monthly Prices of Live and Eviscerated,
Light and Heavy Type Turkeys,
at London, Ontario, 1961-63

	(1) Live		(2) Eviscerated		Margin: (2)-(1)	
	Light	Heavy	Light	Heavy	Light	Heavy
			cents per pound			
Jan.	21.5	25.2	41.9	41.2	17.4	16.0
Feb.	22.8	24.6	40.4	40.6	17.6	16.0
March	23.8	24.7	41.0	40.6	17.2	15.9
April	25.2	25.2	41.4	40.7	16.2	15.5
May	24.8	24.8	40.8	40.6	16.0	15.8
June	24.7	24.7	40.8	41.5	16.1	16.8
July	24.7	25.0	40.9	41.5	16.2	16.5
Aug.	24.2	23.3	40.5	38.8	16.3	15.5
Sept.	24.7	23.3	41.5	38.4	16.8	15.1
Oct.	25.3	23.0	41.6	37.9	16.3	14.9
Nov.	26.0	23.0	43.0	38.5	17.0	15.5
Dec.	26.0	23.7	42.9	38.3	16.9	14.6

Source: Canada Dept. of Agriculture, Markets Information Section and Economics Branch

At mid-year, when supplies of heavier birds are lowest, prices of this class are higher than prices of broiler-weight birds. This suggests that the demand for the heavy birds, at that time of year, cannot be satisfied by substituting the lighter birds. At the public hearing it was said that this demand arises chiefly from the requirements of institutional users and processors.⁽¹⁾

During the period that heavy-type turkeys are being marketed in volume, roughly September to December, the spread between prices of eviscerated and live turkeys was about 15 cents a pound, in 1961-63. The spread was widest in June and July, about 16.5 to 16.8 cents a pound, when prices of heavy birds are at their seasonal peak. For light weights the spread is narrowest between April and September, 16.0 to 16.8 cents a pound; it is widest from November to March, 17.0 to 17.6 cents a pound. The margin between eviscerated and live prices is greater for the light birds than for the heavy type.

⁽¹⁾ Transcript, Vol. 2, p. 185

The average price to producers for heavy turkeys, in October and November, 1961-63, was 23 cents a pound live weight. On the basis of an 82 per cent yield, this is equivalent to 28 cents a pound eviscerated weight. The cost of processing, including pickup at the farm and delivery to a cold storage warehouse, was said to be generally eight cents a pound⁽¹⁾ and undergrades (if not allowed for in the price paid for live birds) might add an additional one-half to one cent a pound.⁽²⁾ These data account for 14 cents of the average margin of 15 cents that was effective at the peak of the marketing season, 1961-63.

Price Spreads and Imports

The relationship between prices of turkeys in Canada and the U.S.A. is dependent on such factors as the rate of exchange, the rate of duty, the cost of transportation from the point of origin to destination and the shrinkage during transportation. Some of these items are easily measurable; others, for example, shrinkage, may be more difficult to establish. However shrinkage would be a factor only if live turkeys were being considered; frozen eviscerated turkeys do not ordinarily lose weight in transit.

An additional factor which is involved in the importation of eviscerated turkeys from the U.S.A. is Canadian regulations regarding evisceration and packaging. In the U.S.A., it is customary to leave lungs and kidneys in the carcass; under Canadian regulations, these must be removed. Canadian regulations also prohibit the use of opaque packaging materials; in the U.S.A. opaque wrappers are acceptable. As a result of such differences, eviscerated turkeys which are intended for export to Canada must be handled as special runs by processing plants in the U.S.A. The need for special runs for export to Canada would prevent imports from storage stocks and tend to introduce a time lag between placement of an order and its delivery. At the hearing it was estimated that this lag would be a minimum of three weeks.

When there are no quantitative restrictions on trade in turkeys between Canada and the U.S.A., it would be logical to expect that when Canadian prices were above those in the U.S.A. by a sufficient margin to make importation profitable there would be a flow of product from the U.S.A. to Canada. Such a movement would tend to set a ceiling on Canadian prices. It would also be logical to expect that when prices in the U.S.A. were higher than in Canada a margin of similar magnitude would induce a flow of turkeys from Canada to the U.S.A.⁽³⁾

At parity of exchange this margin would have to cover at least the duty on eviscerated turkeys of five cents a pound and any additional cost of transportation of the product, which might be of the order of one to two cents a pound. Thus, at parity exchange the margin between prices would have to be at least six cents a pound for corresponding grades and classes of eviscerated turkeys to make a

(1) Transcript, Vol. 2, p. 209

(2) Same, Vol. 2, p. 210

(3) For practical purposes, existing Canadian and U.S.A. duties on live and eviscerated turkeys are the same

movement of product profitable. Under ordinary circumstances prices in Canada could be about six cents a pound higher than in the U.S.A. without any imports occurring, and prices in the U.S.A. could be higher than in Canada, by approximately the same amount, without inducing any exports to the U.S.A.

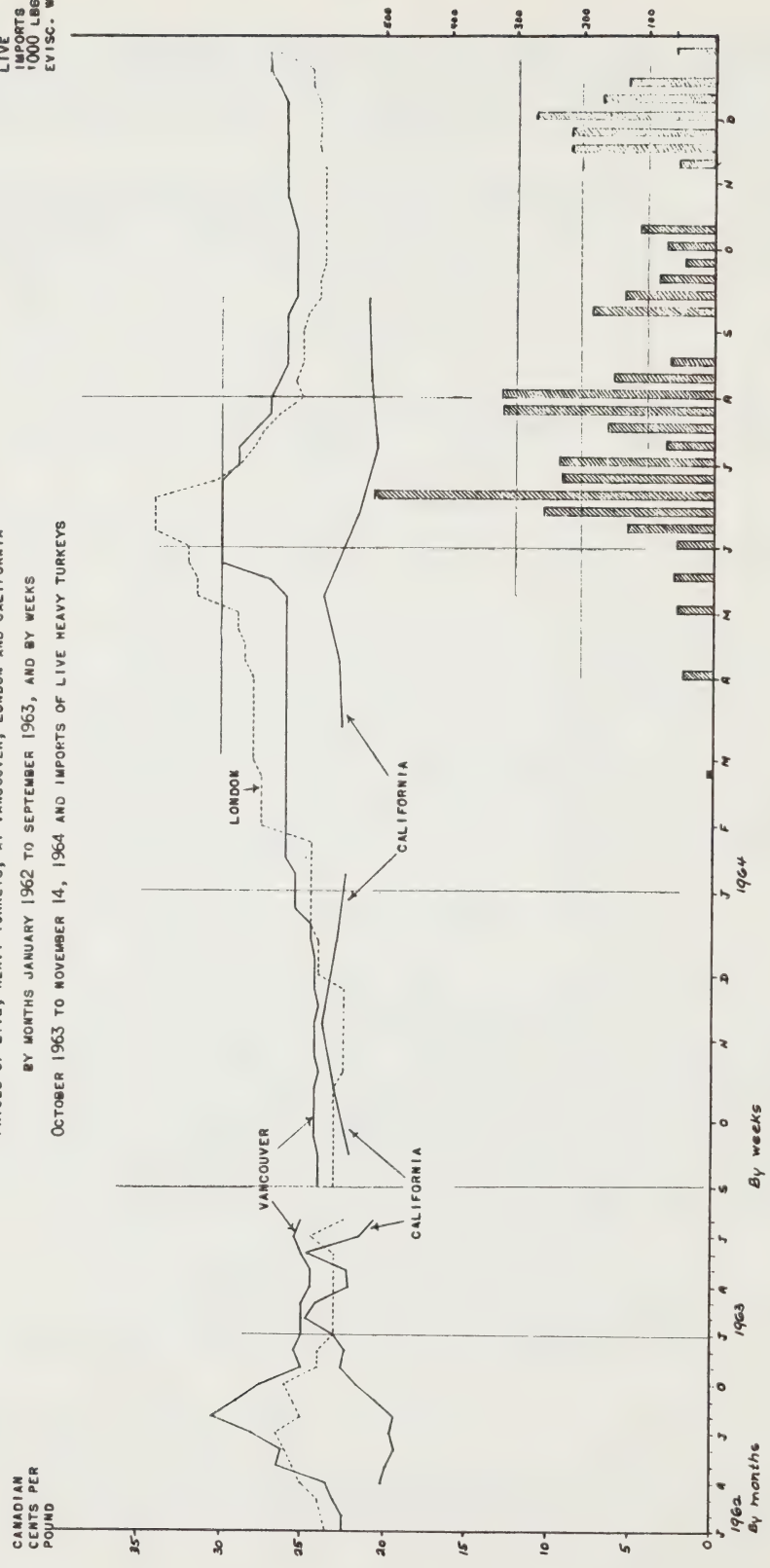
In recent years Canadian prices of turkeys have generally been higher than those in the U.S.A. The margin of difference was highest late in 1957 and in 1958, just after Canada placed imports under control. In this period Canadian prices for eviscerated heavy turkeys were from about 8.5 to almost 15.5 cents a pound higher than corresponding prices at Chicago, taking the exchange rate into account. Such a spread would have made imports very profitable. However, import controls apparently limited imports to relatively small amounts. A large crop of heavy turkeys in Canada in the fall of 1959 resulted in a sharp decline of Canadian prices from their levels in the preceding year, and they were from about one cent to five cents a pound below prices at Chicago from June to December.

Prices in Canada for eviscerated heavy turkeys exceeded those in the U.S.A. by a margin of from about five cents to almost nine cents a pound during most of 1960 and until July of 1961; imports in each of these years were about four million pounds, approximately the maximum permitted under import controls. From August, 1961 to September, 1962, the margin was less than four cents a pound in nine of the months and reached six cents in only one month. As a result, imports in the last quarter of 1961 declined sharply and imports ceased altogether in October, 1962. Imports for the year 1962 as a whole were 2.5 million pounds, 1.5 million pounds less than were eligible under the controls. No turkeys were imported until December, 1963. During 1963 Canadian prices were very near the level of U.S. prices and from August to December, the principal marketing period, were slightly below prices in the U.S.A. (See accompanying charts.)

From the foregoing it appears that, at parity exchange, a margin of at least six cents a pound between prices in Canada and the U.S.A. is generally required to induce an appreciable movement of eviscerated turkeys into Canada. Such a margin would cover the duty of five cents a pound and transportation costs of one cent a pound, or more. The data indicate that some imports may occur when the margin is as low as four to five cents a pound. This may be because particular kinds of birds are involved, for example, heavy breeder turkeys for institutional use or for processing, or because of regional differences not reflected in these margins. Imports may also occur because of orders placed earlier, or because of expectations of price increases that do not materialize. However, the following tabulation indicates that as the margin declines below these levels imports cease.

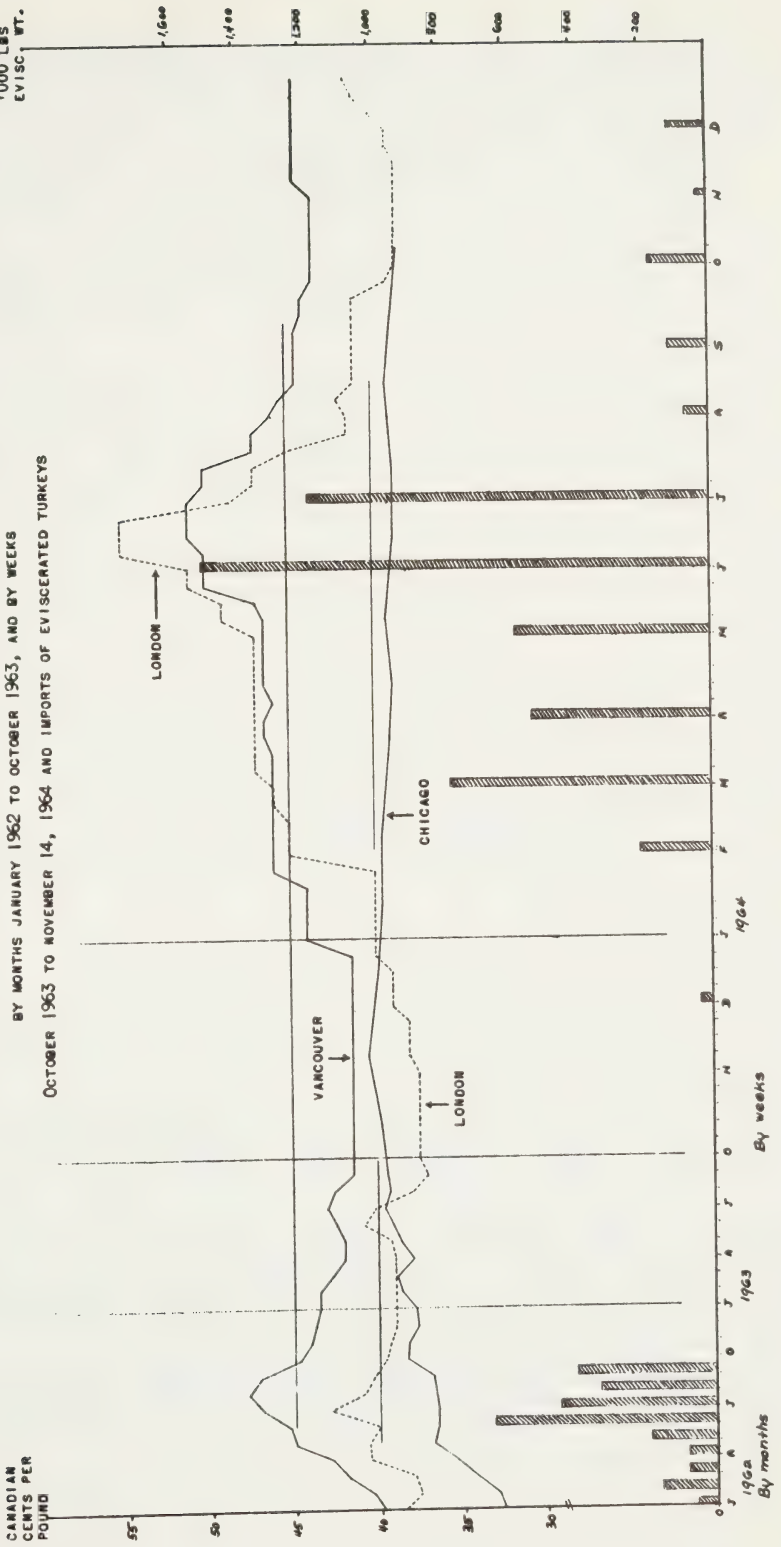
LIVE
IMPORTS
1000 LBS
EVISC. WT.

PRICES OF LIVE, HEAVY TURKEYS, AT VANCOUVER, LONDON AND CALIFORNIA
BY MONTHS JANUARY 1962 TO SEPTEMBER 1963, AND BY WEEKS
OCTOBER 1963 TO NOVEMBER 14, 1964 AND IMPORTS OF LIVE HEAVY TURKEYS



EVISCERATED
IMPORTS
'000 LBS
EVISC, WT.

PRICES OF EVISCERATED HEAVY TURKEYS, AT VANCOUVER, LONDON AND CHICAGO
BY MONTHS JANUARY 1962 TO OCTOBER 1963, AND BY WEEKS
OCTOBER 1963 TO NOVEMBER 14, 1964 AND IMPORTS OF EVISCERATED TURKEYS



The Margin between Prices of Eviscerated Heavy Turkeys,
in Canada and in the U.S.A., and Imports of Turkeys,
Quarterly Averages, 1960-63

<u>Year and Quarter</u>	<u>Prices: London minus Chicago(a)</u> cents per pound	<u>Imports</u> '000 lbs.
<u>1960</u>		
1st	4.9	569
2nd	6.9	909
3rd	6.3	1,504
4th	6.5	1,167
<u>1961</u>		
1st	8.3	1,371
2nd	7.7	1,165
3rd	5.3	946
4th	4.1	547
<u>1962</u>		
1st	4.8	306
2nd	4.1	928
3rd	4.7	1,217
4th	1.2	-
<u>1963</u>		
1st	0.5	-
2nd	1.2	-
3rd	-1.3	-
4th	-1.8	39

Source: Computed from data published by the Canada Dept. of Agriculture and the U.S.D.A.

(a) Chicago prices expressed in Canadian currency at the going rate of exchange

Factors Other than Price

Other factors than the margin of prices have a bearing particularly on the importation of live turkeys. There was general agreement at the hearing that imports of live turkeys were of negligible importance until 1964. However, in 1964, a year in which about ten million pounds of turkeys were imported, imports of live turkeys accounted for about one-half of the total weight of imports.

The considerations involved in a decision to import live turkeys differ to some degree from those involved in the importation of eviscerated turkeys. For example, Canadian processing facilities are usually operating at or near capacity in October and November so that it would be difficult to undertake the processing of imported live turkeys, in any substantial quantity, at that time of year. On the other hand a Canadian processor might consider importing live turkeys at other times of the year if his plant was operating substantially below capacity, as would be the case for most plants in Canada from January to August.

The peak month for marketings of turkeys is October and Canadian processing capacity must be sufficient to handle the flow of product in that month. In the past five years slaughter in registered Canadian plants, in October, increased from 19 million pounds in 1960 to more than 34 million pounds in 1964. The average October kill during the past three years, 1962-64, was 29 million pounds and only the November kill, an average of 24 million pounds, approached this volume. In seven months, January to July, inclusive, the monthly slaughter was six million pounds or less. Thus it is apparent that a large proportion of Canadian plants operate at 20 per cent of capacity, or less, for seven out of the twelve months, at least as far as turkeys are concerned.

Studies of processing plant operations indicate that unit costs are materially reduced as the ratio of use to capacity increases. The study of plants in the U.S.A., to which reference was made earlier, indicates that in small plants processing costs averaged 11.6 cents a pound at 40 per cent of capacity and 6.9 cents a pound at 100 per cent of capacity; in large plants costs averaged 6.9 cents a pound at 40 per cent of capacity and only 4.5 cents a pound at 100 per cent. These data indicate that the potential reduction in costs arising from operating at a higher rate of capacity might influence a processor to import live turkeys.

Comparative Costs per Pound of Product for Turkey
Processing Plants of Varying Size, Operating at
Varying Percentages of Capacity, 1960-61, U.S.A.

<u>Per Cent of Plant Capacity</u>	<u>capacity in terms of heavy young hens per hour</u>			
	200	800	1,500	4,000
	average cost, cents per lb. of product			
40	11.6	8.7	8.0	6.9
70	8.4	6.5	6.0	5.3
100	6.9	5.5	5.1	4.5

Source: U.S.D.A., Turkey Processing Plants, Marketing Research
Report No. 627, September, 1963

Another consideration influencing importations of live birds arises from the growth of Canadian output of canned turkey, turkey rolls and other boneless turkey products. Breeder turkeys are used for these purposes to some extent and these usually become available in the late spring and early summer. Because Canada imports a substantial number of turkey eggs and poults, breeder turkeys constitute a smaller proportion of Canadian turkey meat output than they do in the U.S.A. (1)

In the U.S.A. these old turkeys are marketed mainly in May and June and in 1963 constituted about four per cent of the total output of turkey meat. Of the 58 million pounds processed 38 million

(1) Transcript, Vol. 2, p. 185

pounds, two-thirds of the total, were slaughtered in the months of May and June. In Canada the supply of breeder turkeys would probably be closer to three per cent of the output or about four million pounds in 1963.

Old turkeys are usually sold at a lower price than corresponding weights of young turkeys. The difference varies from year to year. In 1963 old turkeys under 20 pounds live weight were 4.0 to 5.5 cents less than corresponding young turkeys, at London, Ontario. The 1964 figures suggest that a strong demand for old hens brought their prices almost up to the prices of young hens, whereas in 1962 and 1963 the old birds had been sold at a discount of 4.5 to 7.0 cents a pound relative to young hens.

However, although considerations such as those outlined above may have some influence on the decision whether to import eviscerated turkeys or live turkeys, the principal consideration would be the comparative costs and prices. With imports of live turkeys, consideration must be given to an allowance for undergrades and for a higher than usual shrinkage of weight in transit because of the longer haul that is ordinarily encountered between farm and plant. For both imports of live and eviscerated turkeys, the cost of transportation, the rate of exchange and the rates of duty must be taken into account.

There is some shrinkage in weight of turkeys between farm and processing plant. Processors expressed the view that in Ontario it varies between 1.5 to 2.7 per cent of the weight at the farm. On hauls of more than 75 or 100 miles there would be an additional shrinkage in weight. The extent of this loss cannot be documented but it was agreed at the hearing that a shrinkage of four per cent would be a reasonable figure for at least some part of the live turkeys imported in 1964.⁽¹⁾ As a result the conversion from live to eviscerated weight is taken as 79 per cent.

As was noted earlier, buying prices for live turkeys ordinarily take into account an allowance for some average number of undergrades, that is, birds that will be graded lower than "A" eviscerated. The allowance is made by lowering the buying price for the whole flock by one-half to one cent a pound. In the calculation which follows one cent is allowed for undergrades.

The charge made by processors in Ontario for farm pickup, processing and delivery to cold storage was said to be eight cents a pound eviscerated weight. The processing cost which is shown in the tabulation below is taken to be 7.5 cents a pound eviscerated weight because the cost of haulage is shown separately. The 7.5 cents would include the cost of delivery to a cold storage warehouse. The illustration uses published prices in a representative week in June, 1964; imports of live and eviscerated turkeys were larger in June than in any other month of 1964.

(1) Transcript, Vol. 1, p. 105

Comparison of Costs of Importing Live and Eviscerated
Heavy Turkeys, from the U.S.A., Week Ending June 19, 1964

	<u>Live Heavy Turkeys</u>	<u>Eviscerated 20 to 24 lbs.</u>
	U.S. cents per pound	
Price at Chicago	20.25	33.00
Price converted live to eviscerated, basis 79% yield	25.63	-
Allowance for undergrades	1.00	-
Haulage (basis evisc. yield)	1.91	1.50
	<hr/>	<hr/>
Total in U.S. funds	28.54	34.50
	<hr/>	<hr/>
	Can. cents per pound	
Total in Cdn. funds at 8% premium	30.82	37.26
Duty (basis evisc. yield)	2.53	5.00
Cost of processing	7.50	-
	<hr/>	<hr/>
Total cost delivered storage	40.85	42.26
Comparable cost at London, Ont.	42.00	55.00

Source: Compiled from information supplied to the Tariff Board at the public hearing, Dec. 1, 1964 and U.S.D.A. weekly market reports

A processor who contemplated importing turkeys would calculate his costs in a similar manner to that shown above. In the week of June 19th, using the data shown, he could import eviscerated turkeys and make a substantial profit if the margin between Canadian and U.S. delivered costs remained at 12.7 cents a pound (55.0-42.3). He could make an additional profit of 1.15 cents a pound if he imported live turkeys from the U.S.A. Moreover, the importation of live birds in June, when his processing facilities would be largely under-utilized, would also permit him to spread his overhead costs over a larger poundage. However, one purchaser did point out at the hearing that he had to pay a premium of one-half to one cent a pound over the U.S. price to obtain live turkeys in the U.S.A. (1)

The foregoing analysis indicates that under ordinary circumstances the difference between Canadian and U.S. prices of eviscerated turkey must currently be about nine cents per pound to cover the duty of five cents a pound, transportation costs of about one cent a pound and the difference in exchange, currently about 2.8 cents a pound, in order to make imports profitable. For live turkeys the margin on a live weight basis must be about five cents per pound to

(1) Transcript, Vol. 2, p. 204

cover the cost of the additional shrinkage in transit, about 0.75 cents per pound, the additional haulage cost of 0.75 cents, the duty of two cents a pound, and the current difference in exchange of approximately 1.75 cents.

Thus, at recent rates of exchange, when the margin for eviscerated is about nine cents a pound or more, or when the margin for live turkeys is five cents a pound or more, it is likely to be profitable to import. In the present illustration, if the spreads in prices were 9.3 and 5.25 cents a pound, for eviscerated and live turkeys respectively, the choice as to which would be imported would probably depend on considerations other than price, for example, the increased use of processing facilities.

The Situation in 1964

The situation going into 1964 differed from that of the preceding few years in one important respect -- stocks of heavy type turkeys were relatively low. The difference can be appreciated by a brief review of some of the developments from 1957 to 1963.

When import controls were imposed on turkeys in 1957, slaughter in registered stations amounted to about 60 million pounds annually and the imports in 1956, of about 13.0 million pounds of eviscerated turkeys, were approximately 22 per cent of the slaughter in that year. At that time an adequate carryover from the preceding year was about 10 million pounds at January 1.

In the next few years the Canadian turkey industry expanded rapidly and by 1961, only four years later, output had approximately doubled. Imports were being limited to four million pounds a year, less than four per cent of domestic supplies, and a carryover of about 20 million pounds at January 1 was more in line with the quantity of turkeys being consumed in the off-season of production in the following year. Imports in 1960 and 1961 were at the maximum that was permitted under the existing controls.

The carryover of 20 million pounds at the beginning of 1962 made the Canadian market almost independent of imports and, for the first time since 1957, imports were less than were permitted under the quota. The carryover of stocks into 1963, of 27 million pounds, was sufficient to supply all needs, and there were virtually no imports during that year.

In the last quarter of 1963 the slaughter of medium and heavy weight turkeys declined sharply from the levels attained in the preceding two years; it was 12.7 million pounds less than in the last quarter of 1962. On the other hand, domestic consumption of medium and heavy turkeys in that period increased by 3.2 million pounds.

The net result of the smaller production and the larger consumption was a substantial reduction of stocks and a year-end carryover of medium and heavy turkeys of only 13.7 million pounds at the beginning of 1964 compared with 25.7 million pounds at the beginning of 1963.

Consumption of heavy type turkeys in the months of January to July in 1962 and 1963 was, respectively, 26 million pounds and 29 million pounds. The carryover at January 1, 1964 was only about 14 million pounds. Therefore, to sustain the volume of consumption of the first seven months of 1964 would have required, in the absence of imports, substantially larger marketings than those in the corresponding part of the previous year, allowing for the normal requirements of stocks "in pipeline".

A comparison of the 1964 situation, in January to July, with that in the three preceding years is indicated in the following table.

Medium and Heavy Turkeys

	<u>January to July</u>			<u>Stocks to Draw on at Jan. 1</u>
	<u>Slaughter</u>	<u>Consumption</u> million pounds	<u>Deficit</u>	
1961	13.2	21.4	8.2	10.1
1962	14.8	26.5	11.7	19.0
1963	14.8	29.4	14.6	25.8
1964	10.0(a)	23.3	13.3	13.7

Source: Computed from data published by the DBS and the Canada
Dept. of Agriculture

(a) Excludes slaughter of live imports

Although production left substantial deficits in the same period in 1962 and 1963, stocks in those years were more nearly adequate to meet the requirements. In 1962 imports in the months of January to July amounted to 1.7 million pounds, while in 1963 there were no imports in that period. In 1964 the deficit was made up by drawing nearly six million pounds from stocks of medium and heavy weight turkeys and by importing, in total, more than seven million pounds of live and eviscerated turkeys.

For 1964 as a whole imports were equivalent to about 10 million pounds of eviscerated turkeys with slightly less than half the total being imported as live birds. Information available to the Board indicates that almost all imports of eviscerated turkeys were of medium and heavy weights. About 95 per cent of the imports of live turkeys were also of medium and heavy weights. Imports of live broiler turkeys, therefore, were a relatively unimportant element of the market situation in 1964. The striking feature of the 1964 situation was the importation of heavy type turkeys, those over 10 pounds eviscerated weight. About one half of total imports, live and eviscerated, occurred in June and July, the months when domestic supplies of these weight classes are low.

Inspected Imports of Live and Eviscerated Turkeys,
by Months and Kind, 1964

	<u>Live Imports</u>			<u>Evisc. Imports</u>	<u>Total Imports</u>
	<u>Light</u>	<u>Heavy</u>	<u>Total</u>		
	thousand pounds				
Jan.	-	-	-	-	-
Feb.	-	8	8	214	222
March	-	-	-	776	776
April	-	104	104	528	632
May	-	122	122	575	697
June	23	1,137	1,160	1,516	2,676
July	116	1,110	1,226	1,183	2,409
Aug.	68	214	282	70	352
Sept.	-	450	450	112	562
Oct.	44	185	229	172	401
Nov.	-	492	492	31	523
Dec.	-	632	632	114	746
Year	251	4,454	4,705	5,291	9,996

Source: Canada Dept. of Agriculture, Markets Information Section,
Weekly Poultry Report

Considering live and eviscerated turkeys together, Ontario accounted for by far the largest volume of imports; Ontario and Quebec together received about one-half of the total. British Columbia and Manitoba were other provinces which received substantial imports, British Columbia being second to Ontario in the volume received.

Prices of turkeys reflected the tight supply position in the first half of 1964. Prices of medium and heavy turkeys firmed in November 1963 and continued to rise throughout the first few months of 1964 as a result of the relatively small stocks, lower output and a continuing strong demand. At London, prices for medium eviscerated turkeys remained above year-earlier levels until June and then eased off. Prices of heavy birds increased for a longer period and reached a much higher peak, indicating that there was a greater shortage of this class of turkeys. Prices of eviscerated heavy turkeys remained higher throughout 1964 than in the preceding year.

Marketings of heavy type turkeys in the first quarter of 1964 were less than half the amount that were marketed in the first three months of 1963. To supplement the smaller supply, 5.9 million pounds were withdrawn from storage and almost one million pounds of imports were entered, mainly in March. Stocks of medium and heavy turkeys at April 1 were only 7.8 million pounds compared with an average of 14.5 million pounds at this date in the preceding three years. The spread between prices for eviscerated heavy turkeys at London and Chicago rose from about one-quarter of a cent in January, to 5.5 cents in February and to 7.7 cents a pound in March

Prices of Eviscerated Turkeys, at London, Ontario,
by Months and Weight Class, 1963 and 1964

	Light		Medium		Heavy	
	<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>
	cents per pound					
Jan.	41.5	40.8	42.9	46.0	39.0	40.0
Feb.	40.2	39.6	40.9	46.0	39.0	45.2
March	40.6	39.7	40.8	44.4	39.0	46.8
April	41.2	39.2	41.2	44.0	39.0	47.0
May	41.8	39.4	41.0	44.0	39.2	49.4
June	42.6	39.8	42.6	42.0	41.2	52.9
July	40.8	39.6	40.8	41.1	39.6	45.1
Aug.	40.0	39.9	40.0	40.9	37.5	41.3
Sept.	41.8	39.6	41.0	41.0	37.4	40.5
Oct.	42.0	38.2	41.2	40.1	37.5	38.5
Nov.	42.0	38.6	44.8	41.1	37.9	38.6
Dec.	42.8	38.5	46.0	42.1	39.4	40.4

Source: Canada Dept. of Agriculture, Economics Branch

Prices of eviscerated heavy birds continued to increase and were 55 cents at their peak in June, 15 cents a pound higher than at the beginning of the year. As a result, the spread in prices between London and Chicago widened further and continued to attract imports.

In the last week of June, prices of heavy eviscerated turkeys began to decline from their peak of 55 cents a pound. By the third week of July they had dropped by 10 cents a pound and in the next four weeks they fell a further four cents a pound. Thus, between June 23 and August 18 prices of eviscerated heavy turkeys declined from 55 cents to 41 cents a pound.

It is noteworthy that prices of eviscerated broiler turkeys were almost unaffected by the increase in price of heavy birds. The demand appears to have focussed on heavy birds which were not available from Canadian production. Moreover, apart from breeder turkeys, live heavy birds would not normally be easy to acquire in the U.S.A. at this season of the year.

Prices in the U.S.A. followed normal seasonal patterns and were not much different than in 1963. In 1963 the margin between prices in Canada and the U.S.A. was too small to encourage imports; in 1964, with prices in the U.S.A. approximately at their 1963 levels and with Canadian prices rising, the margin widened until it exceeded the amount that would attract imports.

The margins between London and Chicago are shown in the table which follows, together with quarterly imports of live and eviscerated turkeys into Ontario and Quebec. The available data show that similar relationships between margins and imports existed at major Canadian market centres, with some differences in timing.

The Spread between Prices at London and Chicago, for Medium Weight and Heavy Eviscerated Turkeys, and Imports of Live and Eviscerated Turkeys into Ontario and Quebec, 1964

	Spread: London minus Chicago (a)		Quarterly Imports into Ontario and Quebec		
	Medium	Heavy	Live	Evisc. '000 lbs.	Total
	¢ per lb.				
Jan.	7.8	0.3			
Feb.	7.7	5.5	8	874	882
March	7.9	7.7			
April	7.7	8.1			
May	6.9	10.2	936	1,915	2,851
June	5.2	14.1			
July	4.6	6.3			
Aug.	4.3	2.2	974	653	1,627
Sept.	4.5	1.7			
Oct.	3.7	0.1			
Nov.	3.8	- 0.3	827	121	948
Dec.	2.4	..			

Source: Computed from information contained in Canada Dept. of Agriculture and U.S. Dept. of Agriculture, Market Reports
(a) Chicago prices expressed in Canadian funds

East of the Great Lakes the margin over U.S. prices for heavy weights was less than six cents after July. Imports into that region ceased at that time, but started again late in the year. West of the Lakehead the situation was different. The margin of Winnipeg and Vancouver prices over Chicago prices remained more than six cents a pound for a longer time. In October medium eviscerated turkeys at Vancouver were 7.7 cents a pound higher than at Chicago; at Winnipeg they were 6.4 cents higher. The persistence of the wider margin would appear to account for the continuing imports into western Canada after July, particularly into British Columbia. These imports consisted of both live and eviscerated birds.

In the early part of 1964 the higher prices were reflected in lower consumption, even though the relatively prosperous conditions in 1964 might have been expected to lead to an increase in consumption of turkeys. The first seven months of the year witnessed a decline from 29.4 million pounds of medium and heavy in 1963 to 23.3 million pounds in 1964. Canadian consumption of heavy type turkeys did not return to year-earlier levels until August when the 1964 crop of heavy type hens began to reach market in volume and prices fell to levels more consistent with those of 1963.

Because of the need to service outlets it is not practical for stocks to be entirely depleted. Even with the decline of five million pounds in consumption and with imports of more than two million pounds in the first five months of 1964, stocks of medium and heavy eviscerated turkeys at June 1 were only 5.2 million pounds, which is lower than might be regarded as the normal minimum for main-

taining the "pipeline" to outlets. These were the lowest stocks at that date since 1961 and, as noted above, were followed by imports of five million pounds of turkeys in June and July.

In the four months, August to November, marketings of medium and heavy weights were 74 million pounds compared with 68 million pounds in 1963. Imports of eviscerated turkeys declined sharply in these months, but imports of live turkeys continued and, as a result, total imports of live and eviscerated amounted to 1.7 million pounds. As is usual, consumption August to November of medium and heavy turkeys was considerably less than the marketings of these classes, and stocks increased. At December 1 there were 47 million pounds of medium and heavy turkeys in storage, about three million pounds more than at December 1, 1963. The increase consisted of medium weights; stocks of heavy birds were about the same as they were a year earlier.

Summary of the Situation in 1964

The foregoing analysis of the sequence of events in 1964 indicates that there was a significant shortage of heavy type turkeys in 1964 and a consequent rise in prices of medium and heavy turkeys. As the year progressed the margin between rising Canadian prices and relatively stable prices in the U.S.A. widened and imports became attractive. The margin was sufficiently wide to attract relatively large imports, particularly in June and July. A special feature of the 1964 marketing year was that for the first time live turkeys were imported in volume; formerly Canadian deficits had been supplied by imports of eviscerated turkeys.

By December 1, 1964, stocks of medium and heavy turkeys were larger than a year earlier and slaughter of medium and heavy turkeys was also larger in December, 1964 than a year earlier. Thirty-six million pounds of medium and heavy birds were consumed in December, 1964, about four million pounds less than in 1963, and the carryover into 1965 amounted to 18.7 million pounds, five million pounds more than at the beginning of 1964. With these larger stocks and indications that marketings in the early part of 1965 are likely to be larger than in 1964, the need for imports may be less in 1965 than in 1964.

Tariff Considerations

Live turkeys are entered under tariff item 9a, "Live poultry, n.o.p.", at specific rates of two cents a pound under both the B.P. and M.F.N. Tariffs. All known imports are from the U.S.A.

At the public hearing, on November 30 and December 1, 1964, the Canadian Turkey Federation proposed that the rates under item 9a should be increased to four cents a pound.⁽¹⁾ The Federation was supported by the following:⁽²⁾

(1) Transcript, Vol. 1, p. 6

(2) Same, Vol. 2, p. 140-151

Canadian Produce Council
 Ontario Poultry Council
 British Columbia Produce Council, Poultry Committee
 Tingens Turkey Ranch and Hatchery
 Canadian Hatchery Federation
 Alberta Hatchery Approval Association
 The Canadian Federation of Agriculture

In addition, the following interests also supported a rate of four cents a pound for imports of live turkeys in briefs presented to the Board.

The Quebec Poultry Industry Committee⁽¹⁾
 Canadian Feed Manufacturers Association⁽²⁾
 L'Union Catholique des Cultivateurs⁽³⁾

The proposed increase in rates was opposed by Export Packers Company Limited, which proposed that the existing rates under item 9a remain unchanged.⁽⁴⁾ The company indicated that it was supported by Imperial Poultry of Watford, Ontario.⁽⁵⁾ That company, in a letter received after the public hearing, supported retention of the existing ratio of two cents a pound on live turkeys to five cents a pound on eviscerated.

In general, the Canadian Turkey Federation and others who supported its proposal argued that Canadian producers were at a disadvantage compared with producers in the U.S.A. and that the existing rate of two cents a pound was not in the correct relation to the duty of five cents a pound for eviscerated turkeys. The Turkey Federation claimed that four cents a pound for live turkeys would be the correct equivalent duty to that of five cents for eviscerated turkeys, based on a yield of approximately 82 per cent eviscerated turkeys from a given weight of live turkeys. It was also urged that the availability of supplies from the U.S.A. was enough to set a ceiling on prices of turkeys from growers in Canada, and the higher rate of duty would at least raise that ceiling and tend to ensure that whatever birds were processed came from growers in Canada. The spokesman for the Canadian Turkey Federation, in summing up the Federation's submission, stated:

"Now, we do say that there was a need for turkeys to fill the period during May, June and July, but we say that these turkeys could have come in in the eviscerated state and would have come in in such a state and caused less harm to the producer price for turkeys."⁽⁶⁾

The preceding analysis has indicated the difficulties involved in making comparisons of the costs of raising turkeys in Canada and in the U.S.A. However two factors of cost, poults and feed, constitute a very large proportion of the total cost of raising turkeys;

(1) Transcript, Vol. 2, p. 153

(2) Same, Vol. 2, p. 170

(3) Same, Vol. 2, p. 178

(4) Same, Vol. 2, p. 183

(5) Same, Vol. 2, p. 206

(6) Same, Vol. 2, p. 252

a recent report estimates this proportion at about 88 per cent.⁽¹⁾ At the public hearing all participants agreed that costs of poults and feed are higher in Canada than in the U.S.A., and the available data support this conclusion.

In considering the advantage to be gained by importing live or eviscerated turkeys, a potential importer may use comparisons of prices as a rough guide. For example, at parity exchange, if prices of eviscerated turkeys in Canada are at least six cents a pound higher than in the U.S.A., there is probably a profit to be had from importing. Similarly, if prices of live turkeys in Canada are something over three cents a pound higher than in the U.S.A., it may be profitable to import live birds. At the rates of exchange which prevailed in 1964, the required margins appeared to be about nine cents a pound and five to six cents a pound respectively. However, detailed calculations must be made in order to determine whether it is in fact profitable to import and whether it is more profitable to import eviscerated or live turkeys.

The importation of the eviscerated product is a relatively straightforward operation if the birds are processed to comply with Canadian regulations. Grades are known; weights are known; costs of transportation are known, and these factors cannot change between the time of purchase and delivery.

On the other hand, the purchase of live turkeys in the U.S.A. involves such factors as additional shrinkage in transit and possibly some uncertainty concerning undergrades. These factors almost certainly result in some addition to the costs of imported live birds compared with the cost of birds purchased from nearby growers in Canada.

Thus, the eviscerated yield is only one of several factors that must be taken into consideration in calculating the relationship of the duty on live to that on eviscerated turkeys. For example, in the comparison given earlier it was evident that costs of transportation were higher for live birds and that additional shrinkage and undergrades are likely to add to the expense of importing live turkeys. On the other hand, the current eight per cent discount on Canadian funds adds more to the laid-down cost of eviscerated turkeys than it does to live and therefore affords some measure of additional protection under present circumstances. The analysis also indicates that there are other non-monetary but important considerations that can affect the situation.

Because of the equivalence, strictly on a yield basis, of four cents per pound live weight to five cents per pound eviscerated, the proposal of the Turkey Federation does not leave any protection to the processor.

Export Packers, with factors such as the above in mind, did not concede that the existing rates favoured importation of live turkeys. In opposing a change in the existing tariff on live turkeys, the

(1) Canadian Poultry Review, August, 1963, p. 48

spokesman for the company cited two main arguments: the increase in duty on live turkeys would not materially affect total imports but would result in the importations being of eviscerated birds; the importation of live turkeys was preferable because it permitted the processing operation to be carried on in Canada. Moreover, if the Canadian price of live turkeys were to increase, the spokesman thought that the growers in Canada would increase production, again reducing the price, and that they, therefore, would not benefit materially from the duty.

Analysis of events in the past few years shows that Canada normally has a deficit in production during the first six or seven months of the year. If the stocks carried over from the preceding year and the marketings of live birds between January and August are sufficiently large, no turkeys are imported. If the carryover is relatively small or if marketings are low, a shortage occurs which is reflected in higher prices. When Canadian prices rise sufficiently above prices in the U.S.A., imports are attracted either of eviscerated or live turkeys. If imports are not quantitatively controlled, the degree to which Canadian prices can rise before attracting imports is determined approximately by the amount of the duty, the cost of transportation and the discount (or premium) on Canadian funds relative to U.S. currency. The ceiling on Canadian prices is essentially that for eviscerated turkeys and is little affected by whether imports are of eviscerated or live turkeys. The importation of either, or even the threat of their importation, might affect Canadian prices. The relative costs of importation, including the duty, will influence the decision whether to import the turkeys live or eviscerated.

With respect to the advantages of importing live turkeys and processing them in Canada, the spokesman for Export Packers pointed out that most live turkeys are imported when domestic supplies of live birds are seasonally low, and the imports, therefore, provide work for Canadian plants which are operating well below capacity. Thus, Canadian labour, services and supplies are used when the importations are in the form of live birds, with the value added by Canadian labour and materials being about eight cents a pound. When eviscerated turkeys are imported, Canadians pay U.S. facilities to perform these services.

Imports in 1964 support, at least in part, these observations; about fifty per cent of total imports occurred in June and July when marketings of heavy type turkeys were light and when stocks were seasonally low. At that time of year, processing facilities typically would be operating well below capacity. The spread between prices in Canada and the U.S.A. was sufficiently wide to encourage imports both of eviscerated turkeys and live turkeys; the question of which form was imported became simply a market consideration. It was chiefly a question of whether imported live or imported eviscerated birds would yield the higher return to the importer.

While, as noted above, the spokesman for the Canadian Turkey Federation agreed that there was a need for imports to meet the seasonal shortage in 1964, he did not agree that the total volume of imports which entered Canada was necessary. Moreover, he contested the view that it was preferable for the importations to be in the form of live turkeys.

SUMMARY AND CONCLUSIONS

Judged by several standards, the production of turkeys in Canada in the past decade would seem to have been a most thriving undertaking. From a production of less than five million birds in 1955 the industry expanded to a production of more than eleven million birds in 1963. The weight of turkey meat produced increased from about 67 million pounds on an eviscerated basis in 1955 to over 160 million pounds in 1964. In spite of this impressive growth the Canadian Turkey Federation stated that, for turkey growers, four out of the last five seasons have been unprofitable and that marginal growers have been dropping out across Canada at an accelerating rate for the past two or three seasons.

Since there were virtually no imports of turkeys in any form from the middle of 1957 to the end of 1963 (a quota of four million pounds per annum was established in 1960 but it was not filled every year thereafter), it is apparent that imports were not the cause of the industry's difficulty. The combination of increasing production and unsatisfactory financial performance reflected chiefly the changes which were taking place in the structure of the industry. These were accompanied by considerable fluctuation in production and prices through the years.

In 1958 and 1959, following the imposition of import controls in 1957, production of turkeys increased very substantially in Canada. Production was almost eleven million birds in 1959, more than twice the number produced in 1955. The price to the grower, however, which had been relatively high before this expansion in output began, dropped in 1959 to its lowest point in fifteen years.

Thus, it is not surprising to find that the number of birds produced in 1960 fell off considerably to about $8\frac{1}{2}$ million, and the price per pound increased. However, in 1961, the number of birds produced again increased and exceeded eleven million; it has remained at about this figure for the last three years; the price per pound to the grower in recent years has been in the neighbourhood of 25 cents. With the changes which had taken place in the industry over these years, however, this increased production was coming from much larger operations and many of the growers with small flocks dropped out.

The year 1964 was the first since 1956 in which some form of import quota or embargo had not been in effect. Imports for the year, all from the United States, amounted to over five million pounds of dressed or eviscerated turkey and turkey parts and about the same weight of live turkeys so that total imports were in the neighbourhood of 10 million pounds, eviscerated weight basis. This is just about what they were in 1955 and 1956; however, in those years the imports represented a much higher percentage of Canadian production which was then only about 80 million pounds, whereas it is now more than 160 million pounds.

The five cents per pound minimum duty on eviscerated turkeys plus the cost of transportation permits a spread of about six cents per pound between the price in Canada and the price in corresponding United States markets in Canadian funds. When the spread in

these two prices is about six cents per pound or less, there are few, if any, imports. On the other hand, if the spread between these two prices, whether because of an increase in the Canadian price or a decrease in the United States price, or a combination of both, exceeds six cents per pound, eviscerated turkey will almost certainly be imported. This is what happened starting in about February, 1964, as shown in the price chart in the Report. When the spread narrowed to less than six cents per pound, imports of eviscerated turkeys fell off.

The same principle applies to live turkeys - although the spread between the prices is somewhat less - about three to four cents per pound live weight. From the price chart in the Report, it can be seen that in late May and early June, 1964 the spread between Canadian and United States prices for live turkeys widened considerably and during June and July imports of live turkeys were substantial.

The Canadian Turkey Federation, using a yield of 82 pounds of eviscerated meat from 100 pounds of live turkeys, which appears reasonable, computed that the five cents per pound rate on eviscerated turkey is equivalent to 4.1 cents per pound on live turkeys and they have rounded this off in their proposal that the duty on live turkeys be set at four cents per pound. Two branches of the industry are directly affected by the rate on live turkeys; the growers and the processors. The proposal of the Canadian Turkey Federation would increase the protection to growers from two cents to four cents a pound and would leave no protection to the processor to cover any cost disadvantage at the processing stage. Under the present rate structure for live and eviscerated turkeys, the grower has two cents per pound protection and the processor has about two cents per pound.

At the hearing it was contended that Canadian growers and processors were both at a disadvantage as compared with United States growers and processors; however, no comparative cost analysis was presented. The Board's review of the available data suggests that, in efficient operations, the disadvantages are about three cents per pound for the grower and about one cent per pound for the processor. The growers disadvantage is mostly accounted for by the difference in feed costs and the cost of poults. Undoubtedly there are growers and processors in both countries whose costs are much higher than those considered by the Board; however, for efficient operations in both countries, the cost disadvantages in Canada appear to be about as stated.

In the light of these cost disadvantages, the proposal of the Canadian Turkey Federation seems unreasonable: in fact, it might well be against the best interests of the Canadian turkey industry as a whole. Rates of four cents per pound on live turkeys and five cents per pound on eviscerated turkeys would, in the opinion of the Board, very likely have the effect of confining any necessary imports to processed turkeys, thus risking the establishment of new avenues of trade in imported eviscerated turkeys as well as losing the employment and profit from the processing.

Having in mind the relative cost disadvantage faced by the growers as compared with that faced by the processors, it seems reasonable that the over all protection should be shared by these two interests on the basis of three to one. The minimum duty of five cents

per pound on eviscerated turkey is equivalent to approximately four cents per pound live weight; the Board is therefore recommending that imports of live turkeys be subject to a minimum duty of three cents per pound, leaving one cent per pound protection on the processing. The price of live turkeys might, in future, exceed 30 cents per pound and consequently the Board recommends a duty on live turkeys of ten per cent ad valorem but not less than three cents per pound.

While making the foregoing recommendation, the Board considers that the recommended change would be unlikely to have any significant effect on Canada's imports of turkeys, in all forms, from the United States. It simply represents a more equitable distribution between the grower and the processor of the tariff protection afforded by the duty on eviscerated turkeys; it might tend to curb speculative processing of imported live turkeys but at the same time it would still leave sufficient protection to the processor to make it practicable to import live turkeys for processing should shortages of Canadian turkeys develop either on a regional basis or in any particular weight classification.

The imports of live birds in 1964 were almost exclusively heavy weight birds and appear to have been imported to fill the Canadian demand for such birds. This may well be a continuing feature of the turkey business, at least in any year when our carryover of medium and heavy weight birds is low.

RECOMMENDED SCHEDULE

It is recommended that Schedule A to the Customs Tariff be amended by inserting therein the following enumeration of goods and rates of duty:

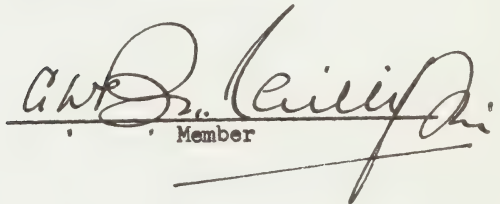
Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
Live turkeys	10 p.c.	10 p.c.	30 p.c.
but not less than, per pound	3¢	3¢	



 First Vice-Chairman



 Member



 Member

Ottawa, January 29, 1965

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Table 1

Apparent Domestic Disappearance of Fowl and Chicken,
Turkeys, and all Poultry Meat,
1950-63

	<u>Fowl and Chicken</u>	<u>Turkeys</u>	<u>Other(a)</u>	<u>Total Poultry Meat</u>	<u>Per cent of total</u>	
	million pounds	eviscerated	weight		<u>Chicken</u>	<u>Turkey</u>
					per cent	per cent
1950	180.8	34.2	5.7	220.7	81.9	15.5
1951	210.7	37.5	5.4	253.6	83.1	14.8
1952	259.4	49.3	7.4	316.1	82.1	15.6
1953	236.4	52.2	7.4	296.0	79.9	17.6
1954	254.5	71.2	6.3	332.0	76.7	21.4
1955	296.1	77.8	6.4	380.4	77.8	20.5
1956	308.2	96.4	6.5	411.1	75.0	23.4
1957	321.5	101.7	6.6	429.7	74.8	23.7
1958	359.6	102.5	7.9	470.0	76.5	21.8
1959	383.8	137.2	8.1	529.1	72.5	25.9
1960	372.1	113.5	8.6	494.2	75.3	23.0
1961	420.1	138.8	8.1	567.0	74.1	24.5
1962	425.4	142.5	8.4	576.2	73.8	24.7
1963	449.6	157.4	8.5	615.6	73.0	25.6

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202
(a) Geese and ducks

Table 2

Apparent Domestic Disappearance, Per Person, of Fowl and Chicken,
Turkeys, and all Poultry Meat,
1950-63

	<u>Fowl and Chicken</u>	<u>Turkeys</u>	<u>Other(a)</u>	<u>Total</u>
		pounds per	person	
1950	13.2	2.5	0.4	16.1
1951	15.0	2.6	0.4	18.0
1952	17.9	3.4	0.4	21.7
1953	15.9	3.5	0.4	19.8
1954	16.6	4.7	0.4	21.7
1955	18.9	5.0	0.4	24.3
1956	19.2	6.0	0.4	25.6
1957	19.4	6.1	0.4	25.9
1958	21.1	6.0	0.4	27.5
1959	22.0	7.8	0.5	30.3
1960	20.8	6.4	0.5	27.7
1961	23.0	7.6	0.5	31.1
1962	22.9	7.7	0.4	31.0
1963	23.8	8.3	0.5	32.6

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202
(a) Geese and ducks

Table 3

Output and Farm Value of Turkey Meat, 1950-63

	<u>Number</u> '000 birds	<u>Weight (a)</u> '000 lbs.	<u>Value</u> \$'000	<u>Av. Value</u> ¢ per lb.
1950	2,731	40,504	19,193	47.4
1951	2,941	43,715	23,424	53.6
1952	3,783	60,002	27,720	46.2
1953	3,394	54,828	26,190	47.8
1954	4,762	81,367	34,012	41.8
1955	4,713	67,574	30,229	44.7
1956	6,335	89,968	40,453	45.0
1957	6,797	91,264	37,439	41.0
1958	8,391	107,839	43,452	40.3
1959	10,846	130,614	43,872	33.6
1960	8,538	107,644	40,862	38.0
1961	11,306	143,831	46,328	32.2
1962	11,320	147,155	47,756	32.5
1963	11,309	146,317	48,797	33.4

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202

(a) Dressed weight basis 1950-54; eviscerated weight basis 1955-63

Table 4

Supply and Distribution of Turkey Meat, 1950-64

	<u>Stocks at</u> <u>Beginning</u> <u>Dressed wt. basis</u>	<u>Production</u>	<u>Imports</u> thousand	<u>Exports</u> pounds	<u>Stocks</u> <u>at End</u>	<u>Domestic</u> <u>Disapp.</u>
1950	5,442	40,504	664	751	5,625	40,234
1951	5,625	43,715	1,700	380	6,596	44,064
1952	6,596	60,002	401	274	8,718	58,007
1953	8,718	54,828	5,413	19	7,547	61,393
1954	7,547	81,367	5,618	62	10,685	83,785

Eviscerated wt. basis

1955	8,829	67,574	10,579	13	9,191	77,778
1956	9,191	89,968	13,057	11	15,764	96,441
1957	15,764	91,264	6,838	7	12,137	101,722
1958	12,137	107,839	562	4	18,043	102,491
1959	18,043	130,614	438	69	11,804	137,222
1960	11,804	107,644	4,680	7	10,573	113,548
1961	10,573	143,831	4,532	7	20,122	138,807
1962	20,122	147,155	2,556	18	27,331	142,484
1963	27,331	146,317	38	280	15,973	157,433
1964	15,973	160,000 (a)	9,996	134	21,258	164,577

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202

(a) Partly estimated

Table 5

The Distribution of Farms Reporting Turkeys, According to Size of Farm Flock, Census Years, 1951, 1956 and 1961

Size of Flock No. of birds	Farms Reporting 1951 1956 1961 numbers			Cumulative Nos. of Farms Reporting 1951 1956 1961 numbers			Est. Nos. of Turkeys (a) 1951 1956 1961 thousand birds			Cumulative Est. Nos. of Turkeys (a) 1951 1956 1961 thousand birds		
4,973 & over)												
2,028 - 4,972)												
973 - 2,027)	410	873	351	410	873	351	674 (b)	2,459 (b)	4,331	674 (b)	2,459 (b)	4,331
528 - 972	325	478	297	735	1,351	648	244	358	287	918	2,817	6,381
273 - 527	822	1,263	416	1,557	2,614	2,684	329	505	384	1,247	3,322	6,765
178 - 272	969	1,429	777	2,526	4,043	3,661	218	322	204	1,465	3,644	6,969
123 - 177	976	1,263	772	3,502	5,306	4,433	146	189	107	1,611	3,833	7,076
78 - 122	2,187	2,813	1,582	5,689	8,119	6,015	219	281	147	1,830	4,114	7,223
48 - 77	2,880	2,924	1,652	8,569	11,043	7,667	179	181	93	2,009	4,295	7,316
18 - 47	9,644	7,881	5,342	18,213	18,924	13,009	309	252	157	2,318	4,547	7,473
1 - 17	23,607	24,890	23,689	41,820	43,814	36,698	212	224	197	2,529	4,772	7,670
Total	41,820	43,814	36,698	41,820	43,814	36,698	2,529	4,772	7,670	2,529	4,772	7,670
								per cent			per cent	
4,973 & over)												
2,028 - 4,972)	1.0	2.0	1.0	1.0	2.0	1.0	26.7	51.5	12.5	26.7	51.5	56.5
973 - 2,027)												69.0
528 - 972	0.8	1.1	1.6	1.8	3.1	3.4	9.6	7.5	3.7	36.3	59.0	79.4
273 - 527	2.0	2.9	2.8	3.8	6.0	4.5	13.0	10.6	5.0	49.3	69.6	83.1
178 - 272	2.3	3.2	2.7	6.1	9.2	7.3	8.6	6.7	2.7	57.9	76.3	88.1
123 - 177	2.3	2.9	2.1	8.4	12.1	10.0	5.8	4.0	1.4	63.7	80.3	90.8
78 - 122	5.2	6.4	4.3	13.6	18.5	16.4	8.7	5.9	1.9	72.4	86.2	92.2
48 - 77	6.9	6.7	4.5	20.5	25.2	20.9	7.0	3.8	1.2	79.4	90.0	94.1
18 - 47	23.1	18.0	14.6	43.6	43.2	35.5	12.2	5.3	2.1	91.6	95.3	97.4
1 - 17	56.4	56.8	64.5	100.0	100.0	100.0	8.4	4.7	2.6	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: DBS, Census of Agriculture

(a) Estimated by multiplying the mid-point of each class by the number of farms

(b) By subtraction

Table 6

Farm Value of Turkeys Sold by Producers, by Region,
1955-63

	<u>B.C.</u>	<u>Alta.</u>	<u>Sask.</u>	<u>Man.</u>	<u>Ont.</u>	<u>Que.</u>	<u>Atl. Provs.</u>	<u>Canada</u>
			million dollars					
1955	2.5	3.2	4.5	3.9	7.9	6.2	1.0	29.1
1956	3.6	5.2	4.9	4.6	13.2	6.5	1.2	39.2
1957	2.7	4.4	4.6	4.7	13.6	5.6	1.0	36.5
1958	2.9	5.0	6.0	5.3	16.3	5.8	1.0	42.2
1959	3.2	5.2	5.7	5.7	17.5	5.0	0.5	42.8
1960	3.3	4.7	5.0	5.1	15.9	5.1	0.5	39.7
1961	2.6	5.9	6.4	6.3	17.9	5.6	0.5	45.2
1962	3.1	4.5	5.2	5.4	22.2	6.0	0.4	46.9
1963	2.4	5.2	4.9	6.3	22.8	5.7	0.4	47.7

Source: DBS, Production of Poultry and Eggs, Cat. No. 23-202

Table 7

Turkeys Slaughtered in Registered Stations, by Region,
1956-64

	<u>B.C.</u>	<u>Alta.</u>	<u>Sask.</u>	<u>Man.</u>	<u>Ont.</u>	<u>Que.</u>	<u>Atl. Provs.</u>	<u>Canada</u>
		million	pounds	eviscerated	wt.	equivalent		
1956	4.5	8.3	10.2	8.3	14.1	9.1	0.3	54.7
1957	4.6	9.6	10.4	10.0	18.3	9.1	0.4	62.4
1958	5.6	8.8	14.6	12.4	26.6	11.7	0.5	80.2
1959	7.8	10.4	14.5	15.2	38.7	13.4	0.5	100.5
1960	6.4	9.9	11.1	12.0	33.6	12.6	0.4	85.9
1961	8.0	14.6	15.6	16.7	46.8	16.7	0.5	118.9
1962	8.8	12.1	13.4	16.2	58.0	19.3	0.4	128.1
1963	6.9	13.3	10.6	15.7	58.4	17.6	0.5	123.1
1964(a)	9.4	12.7	10.2	17.1	70.0	20.8	0.8	140.9

Source: Canada Dept. of Agriculture, Annual Poultry Market Review
(a) Preliminary

Table 8

Turkeys Slaughtered in Registered Stations, by Weight
Class, by Region, 1962-64

	<u>Light</u>	<u>Medium</u>	<u>Heavy</u>	<u>Total</u>
	'000 lbs. eviscerated wt. equivalent			
<u>1962</u>				
B.C.	1,023	3,299	4,508	8,830
Alta.	463	4,329	7,261	12,053
Sask.	12	5,159	8,209	13,380
Man.	904	6,143	9,162	16,209
Ont.	13,437	18,920	25,649	58,006
Que.	9,035	4,609	5,620	19,264
Atl. Provs.	86	247	33	366
Canada	24,960	42,706	60,442	128,108
<u>1963</u>				
B.C.	1,637	2,199	3,104	6,940
Alta.	766	4,096	8,467	13,329
Sask.	164	4,137	6,311	10,612
Man.	789	5,478	9,437	15,704
Ont.	17,403	14,677	26,330	58,410
Que.	9,336	3,769	4,486	17,591
Atl. Provs.	363	104	27	494
Canada	30,458	34,460	58,162	123,080
<u>1964</u> (a)				
B.C.	2,514	3,106	3,734	9,354
Alta.	1,229	4,112	7,345	12,686
Sask.	213	3,986	5,974	10,173
Man.	1,261	6,428	9,379	17,068
Ont.	23,671	17,387	28,964	70,022
Que.	12,047	4,113	4,632	20,792
Atl. Provs.	637	178	28	843
Canada	41,572	39,310	60,056	140,938

Source: Canada Dept. of Agriculture, Annual Poultry Market Review
(a) Preliminary

Table 9

Turkeys Slaughtered in Registered Stations, by Weight
Class, by Quarters, 1959-64

<u>Year & Quarter</u>	<u>Light</u>	<u>Medium</u>	<u>Heavy</u>	<u>Total</u>
	'000 lbs. eviscerated wt. equivalent			
<u>1959</u>				
1st	4,627		3,022	7,649
2nd	5,857		5,638	11,495
3rd	4,898		20,480	25,378
4th	4,719		51,255	55,974
Year	20,102		80,396	100,498
<u>1960</u>				
1st	2,835		2,229	5,064
2nd	4,092		3,808	7,900
3rd	4,873		19,912	24,785
4th	4,354		43,826	48,180
Year	16,155		69,775	85,930
<u>1961</u>				
1st	4,334	1,186	1,751	7,271
2nd	4,744	4,336	1,556	10,636
3rd	5,039	16,485	14,977	36,501
4th	6,345	21,619	36,533	64,497
Year	20,462	43,626	54,817	118,905
<u>1962</u>				
1st	5,202	2,092	2,619	9,913
2nd	5,900	4,789	2,051	12,740
3rd	5,059	14,734	13,226	33,019
4th	8,799	21,091	42,546	72,436
Year	24,960	42,706	60,442	128,108
<u>1963</u>				
1st	6,596	1,476	3,485	11,557
2nd	6,512	3,828	1,846	12,186
3rd	7,039	14,215	16,826	38,080
4th	10,311	14,941	36,005	61,257
Year	30,458	34,460	58,162	123,080
<u>1964(a)</u>				
1st	9,765	1,203	1,158	12,126
2nd	7,519	3,890	2,150	13,559
3rd	9,337	14,973	14,292	38,602
4th	14,951	19,244	42,456	76,651
Year	41,572	39,310	60,056	140,938

Source: Canada Dept. of Agriculture, Annual Poultry Market Review
(a) Preliminary

Table 10

Turkeys, Stocks in Storage at
January 1, April 1, July 1 and October 1,
1950-64

	<u>Jan. 1</u>	<u>Apr. 1</u>	<u>July 1</u>	<u>Oct. 1</u>	
	million pounds				
	<u>Canada Total</u>				
1950	5.4	4.5	3.4	1.6	
1951	5.6	3.9	2.4	1.2	
1952	6.6	5.4	3.6	1.6	
1953	8.7	6.4	3.4	1.7	
1954	7.5	6.0	3.9	3.0	
1955	10.1	7.9	5.3	4.0	
1956	10.2	7.7	4.7	4.7	
1957	16.9	13.9	9.5	8.5	
1958	12.5	8.3	3.6	10.0	
1959	18.4	13.2	8.2	13.3	
1960	12.2	8.7	4.7	13.4	
1961	10.8	8.0	5.0	16.2	
1962	20.2	16.7	10.3	20.9	
1963	27.4	22.6	11.4	25.7	
1964(a)	16.0	10.3	8.1	24.4	
1965(a)	21.2				
	<u>By Regions</u>				
<u>1961</u>	B.C.	1.3	1.0	0.7	1.5
	Prairies	4.4	3.2	1.6	5.6
	Ontario	2.5	1.9	1.5	6.4
	Quebec	2.3	1.6	1.0	2.0
	Atlantic Provs.	0.3	0.3	0.2	0.7
<u>1962</u>	B.C.	2.0	1.6	0.9	1.9
	Prairies	6.7	5.4	3.5	7.4
	Ontario	8.0	6.6	3.9	7.4
	Quebec	2.9	2.6	1.6	3.3
	Atlantic Provs.	0.7	0.6	0.4	0.9
<u>1963</u>	B.C.	2.3	1.6	0.8	1.7
	Prairies	10.9	8.2	3.8	8.6
	Ontario	9.9	8.4	4.0	11.0
	Quebec	3.6	3.6	2.4	3.2
	Atlantic Provs.	0.7	0.8	0.4	1.2
<u>1964(a)</u>	B.C.	0.9	0.6	0.6	2.1
	Prairies	5.9	3.0	1.5	6.9
	Ontario	6.2	4.2	4.1	12.0
	Quebec	2.4	1.9	1.6	2.7
	Atlantic Provs.	0.6	0.5	0.3	0.7

Source: DBS, Stocks of Dairy and Poultry Products, Cat. No. 32-009

(a) Preliminary

Table 11

Stocks of Dressed and Eviscerated Turkeys in Storage,
at Beginning of Each Month, by Weight Class,
1960-64

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u> (a)
	million pounds				
<u>Light Weights</u>					
Jan.	0.7	0.7	1.2	1.6	2.3
Feb.	0.7	0.8	1.5	2.2	3.1
March	0.7	0.8	1.4	1.8	3.5
April	0.9	0.7	1.6	1.6	2.5
May	0.8	0.7	1.1	0.9	2.8
June	0.8	0.6	1.1	1.0	2.3
July	0.6	0.6	0.9	0.7	2.1
Aug.	0.6	0.6	0.8	0.9	2.4
Sept.	0.7	0.5	0.8	1.5	2.8
Oct.	0.7	0.8	1.1	1.9	3.6
Nov.	0.8	1.0	1.1	2.3	3.2
Dec.	1.4	1.4	1.5	2.8	3.6
<u>Medium Weights</u>					
Jan.	3.7	2.7	6.0	7.6	4.0
Feb.	3.6	2.5	6.1	7.9	4.1
March	3.2	2.6	5.5	7.3	4.0
April	2.7	1.8	5.7	6.5	3.1
May	2.0	1.7	3.9	4.4	2.8
June	2.0	1.7	3.8	3.9	2.8
July	2.0	1.8	3.7	3.8	3.6
Aug.	2.0	2.6	4.0	4.7	5.2
Sept.	3.8	4.1	6.8	7.4	8.2
Oct.	7.8	8.0	10.9	12.1	12.7
Nov.	9.2	11.6	14.6	13.5	15.1
Dec.	13.1	16.1	18.4	17.1	20.3
<u>Heavy Weights</u>					
Jan.	7.7	7.4	12.9	18.1	9.7
Feb.	7.2	7.3	13.3	18.1	8.2
March	6.2	6.9	11.6	16.2	7.0
April	5.1	5.6	9.4	14.5	4.7
May	3.7	4.5	7.9	11.7	3.4
June	2.9	3.5	6.9	9.0	2.4
July	2.1	2.6	5.7	6.8	2.5
Aug.	1.6	2.3	4.9	6.4	2.7
Sept.	2.0	3.0	5.8	7.2	3.4
Oct.	4.8	7.4	9.0	11.7	8.1
Nov.	10.6	17.0	16.7	18.9	17.8
Dec.	16.2	25.5	29.2	26.6	26.7

Source: DBS, Stocks of Dairy and Poultry Products, Cat. No. 32-009
(a) Preliminary

Table 12

Imports of Dressed and Eviscerated Turkeys, 1952-63

	'000 lbs.	\$ '000	¢ per lb.
1952	401	182	45.4
1953	5,413	2,625	48.5
1954	5,618	2,367	42.1
1955	10,701	4,885	45.6
1956	13,102	5,362	40.9
1957	6,858	2,456	35.8
1958	566	206	36.4
1959	438	139	31.7
1960	4,683	1,803	38.5
1961	4,532	1,519	33.5
1962	2,556	860	33.6
1963	38	29	76.3

Source: DBS, Trade of Canada Imports, s.c. 2260 and s.c. 2248

Note: Prior to July, 1961, s.c. 2260 provided for "turkeys, dead or alive, n.o.p."; from July, 1961, s.c. 2248 provided for "turkeys eviscerated".

Table 13

Inspected Imports of Dressed and Eviscerated Turkeys,
by Region of Destination, 1955-64

	<u>B.C.</u>	<u>Alta.</u>	<u>Man.</u>	<u>Ont.</u>	<u>Que.</u>	<u>Atl. Provs.</u>	<u>Canada</u>
	'000 lbs. eviscerated wt. equivalent						
1955	1,044	241	433	6,228	2,330	-	10,276
1956	1,307	64	272	8,048	2,697	-	12,388
1957	957	110	209	3,958	1,102	1	6,337
1958	-	-	16	433	-	-	449
1959	-	-	-	343	-	-	343
1960	283	-	361	2,644	857	-	4,145
1961	305	-	182	2,735	818	1	4,041
1962	321	-	122	1,685	324	-	2,452
1963	-	-	-	39	-	-	39
1964	1,089	292	347	2,714	849	-	5,291

1964 by Quarters

	<u>B.C. & Prairies</u>	<u>Ont. & Que.</u>	<u>Canada</u>
1st	116	874	990
2nd	704	1,915	2,619
3rd	712	653	1,365
4th	<u>196</u>	<u>121</u>	<u>317</u>
Year	1,728	3,563	5,291

Source: Canada Dept. of Agriculture, Markets Information Section,
special tabulation

Table 14

Inspected Imports of Live Turkeys by Region,
by Weight Class and by Quarters, 1964

<u>Quarter</u>	<u>British Columbia & Prairie Provinces</u>	<u>Ontario & Quebec</u>	<u>Canada</u>
'000 lbs. eviscerated wt. equivalent			
<u>Light Weights</u>			
1st	-	-	-
2nd	23	-	23
3rd	115	69	183
4th	<u>44</u>	<u>-</u>	<u>44</u>
Year	<u>182</u>	<u>69</u>	<u>251</u>
<u>Medium and Heavy Weights</u>			
1st	-	8	8
2nd	427	936	1,363
3rd	869	905	1,774
4th	<u>482</u>	<u>827</u>	<u>1,309</u>
Year	<u>1,778</u>	<u>2,676</u>	<u>4,454</u>
<u>Total Live Imports</u>			
1st	-	8	8
2nd	450	936	1,386
3rd	984	974	1,958
4th	<u>526</u>	<u>827</u>	<u>1,353</u>
Year	<u>1,960</u>	<u>2,745</u>	<u>4,705</u>

Source: Canada Dept. of Agriculture, Poultry Division, special tabulation

Table 15

Inspected Imports of Live and Eviscerated Turkeys
by Region and by Quarters, 1964

<u>Quarter</u>	<u>British Columbia & Prairie Provinces</u>	<u>Ontario & Quebec</u>	<u>Canada</u>
'000 lbs. eviscerated wt. equivalent			
1st	116	882	998
2nd	1,154	2,851	4,005
3rd	1,696	1,627	3,323
4th	<u>722</u>	<u>948</u>	<u>1,670</u>
Year	<u>3,688</u>	<u>6,308</u>	<u>9,996</u>

Source: Compiled from data supplied by Canada Dept. of Agriculture, Poultry Division and Markets Information Section

Table 16

Prices of Live Light Weight Turkeys, at Four Selected
Markets in Canada, and in the Shenandoah Valley,
Virginia, U.S.A., by Months, 1962-64

<u>Live No. 1 to Producer</u>					<u>Live, Belts- ville Small White, in Virginia</u>		<u>London minus Virginia</u>
<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>		<u>U.S.</u>	<u>Can.</u>	<u>Can. (a)</u>
					<u>¢/lb.</u>	<u>¢/lb.</u>	<u>¢/lb.</u>
<u>1962</u>							
Jan.	27-28	-	20-22	24-25	-	-	-
Feb.	27	-	21-22	22	-	-	-
March	30	-	22-23	23	23.6	24.8	-2.3
April	29-30	-	24	25½-26	23.6	24.8	-0.8
May	30	-	25	25	20.9	22.6	2.4
June	30	-	23	25	20.3	22.1	0.9
July	30	-	25	25-26	22.1	23.8	1.2
Aug.	30-32	-	25-26	26-26½	22.0	23.7	1.8
Sept.	30-32	29-31	26	27½-28	23.4	25.2	0.8
Oct.	29-33	29-31	27	29	25.6	27.5	-0.5
Nov.	28-30	27	27	28	24.6	26.5	0.5
Dec.	29-30	27	27	27½-28	23.9	25.7	1.3
<u>1963</u>							
Jan.	28-30	27	23-24	25-26	22.0	23.7	-0.2
Feb.	27-30	27	22-23	23-24	22.8	24.6	-2.1
March	28-29	27	22-23	25	23.2	25.0	-2.5
April	29	-	24	25-26	21.5	23.2	0.8
May	28-29	-	24-25	26	23.2	25.0	-0.5
June	29	-	24-25	27	22.4	24.2	0.3
July	29	-	25-26	27-27½	21.7	23.4	2.1
Aug.	29	-	24-25	25½	22.9	24.8	-0.3
Sept.	29	-	25	25½	23.7	25.6	-0.6
Oct.	29	-	26	25½	24.2	26.1	-0.1
Nov.	29	-	25½-26	25½-26	24.8	26.7	-0.9
Dec.	29	-	26	25½-26	24.1	26.0	0.0
<u>1964</u>							
Jan.	29	-	23-24	25½-26	-	-	-
Feb.	29	-	23½	25-25½	-	-	-
March	29	-	23	25-25½	21.1	22.8	0.2
April	29	-	24	25½-26	20.2	21.8	2.2
May	29	-	24	25-25½	21.0	22.7	1.3
June	27	-	24	25-25½	20.7	22.4	1.6
July	27	-	24-25	25-25½	19.6	21.2	3.3
Aug.	27	-	24	25-25½	20.3	21.9	2.1
Sept.	27	24	24-24½	25-25½	21.4	23.0	1.3
Oct.	26-27	24	24	25-25½	-	-	-
Nov.	27	24	23-23½	25	-	-	-
Dec.	27	24	23	25	-	-	-

Source: Canada Dept. of Agriculture, Markets Information Section,
and U.S.D.A., Poultry and Egg Situation

(a) Converted on basis of spot, average noon rates

Table 17

Prices of Eviscerated Light Weight Turkeys, Grade A, Standard Box Pack, Wholesale to Retail, at Four Selected Markets in Canada and Chicago, Illinois, U.S.A., by Months, 1962-64

	<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>	<u>Chicago</u> <u>Ready-to-cook</u>		<u>London</u> minus <u>Chicago</u>
	cents per pound				<u>U.S.</u>	<u>Can.</u>	<u>Can.</u>
					<u>¢/lb.</u>	<u>¢/lb.</u>	<u>¢/lb.</u>
<u>1962</u>							
Jan.	46.3	-	38.0	41.2	32.4	33.9	4.1
Feb.	46.1	-	37.2	37.5	34.6	36.3	0.9
March	46.6	-	38.1	40.5	36.0	37.8	0.3
April	45.6	-	39.9	42.0	36.5	38.3	1.6
May	46.4	-	39.1	41.1	33.9	36.7	2.4
June	47.3	-	37.7	41.0	33.8	36.8	0.9
July	47.4	48.0	40.8	42.7	34.4	37.1	3.7
Aug.	49.0	47.8	42.7	43.0	35.3	38.0	4.7
Sept.	48.9	47.0	43.7	46.2	37.3	40.2	3.5
Oct.	50.1	47.0	43.5	45.5	40.3	43.4	0.1
Nov.	50.0	47.0	44.1	45.5	39.7	42.7	1.4
Dec.	49.2	47.0	43.3	44.6	38.5	41.4	1.9
<u>1963</u>							
Jan.	48.0	47.0	41.5	40.8	37.9	40.8	0.7
Feb.	48.8	47.0	40.2	38.5	37.1	40.0	0.2
March	48.4	45.4	40.6	39.7	36.8	39.7	0.9
April	48.0	43.0	41.2	41.0	35.7	38.4	2.8
May	48.0	43.0	41.8	41.5	36.3	39.1	2.7
June	47.8	42.6	42.6	41.5	36.0	38.8	3.8
July	48.0	42.5	40.8	41.4	36.0	38.9	1.9
Aug.	47.4	42.5	40.0	41.0	36.6	39.6	0.4
Sept.	46.5	42.5	41.8	42.0	37.8	40.8	1.0
Oct.	46.5	43.3	42.0	42.0	39.3	42.4	-0.4
Nov.	46.5	45.5	42.0	42.4	40.9	44.1	-2.1
Dec.	46.8	45.5	42.8	42.5	39.2	42.3	0.5
<u>1964</u>							
Jan.	48.0	45.5	40.8	42.1	38.8	41.9	-1.1
Feb.	48.0	46.0	39.6	41.4	36.9	39.9	-0.3
March	48.0	44.5	39.7	41.5	35.0	37.8	1.9
April	48.0	44.5	39.2	40.8	34.2	37.0	2.2
May	47.8	44.9	39.4	40.5	34.3	37.1	2.3
June	47.1	44.0	39.8	40.5	34.0	36.8	3.0
July	46.0	44.0	39.6	41.5	33.8	36.5	3.1
Aug.	45.2	43.4	39.9	41.5	34.4	37.1	2.8
Sept.	45.5	41.0	39.6	41.5	35.9	38.6	1.0
Oct.	45.0	41.4	38.2	40.6	37.5	40.3	-2.1
Nov.	46.0	41.6	38.6	40.5	38.0(a)	41.0	-2.4
Dec.	46.0	42.0	38.5	40.0	38.0(a)	41.0	-2.5

Source: Canada Dept. of Agriculture, Economics Branch and U.S.D.A., Dairy and Poultry Market News, Chicago, Illinois

(a) Preliminary

Table 18

Prices of Eviscerated Medium Weight Turkeys, Grade A, Standard Box Pack, Wholesale to Retail, at Four Selected Markets in Canada and Chicago, Illinois, U.S.A., by Months, 1962-64

	<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>	<u>Chicago</u> <u>Ready-to-cook</u>		<u>London</u> <u>minus</u> <u>Chicago</u>
	cents per pound				<u>U.S.</u>	<u>Can.</u>	<u>Can.</u>
					<u>¢/lb.</u>	<u>¢/lb.</u>	<u>¢/lb.</u>
<u>1962</u>							
Jan.	45.0	46.0	38.2	-	31.8	33.2	5.0
Feb.	44.8	46.0	37.7	-	33.7	35.3	2.4
March	45.0	46.0	38.1	-	34.3	36.0	2.1
April	45.0	46.0	40.6	42.5	34.9	36.6	4.0
May	45.5	46.0	40.7	-	33.8	36.6	4.1
June	45.4	46.0	40.0	-	32.9	35.8	4.2
July	47.0	46.2	41.9	-	33.7	36.4	5.5
Aug.	49.0	47.0	43.7	-	34.0	36.6	7.1
Sept.	48.8	47.0	44.4	47.0	35.9	38.7	5.7
Oct.	48.0	47.0	43.5	45.5	36.8	39.6	3.9
Nov.	48.2	47.0	45.0	46.5	37.2	40.1	4.9
Dec.	47.6	44.6	43.6	44.7	37.5	40.4	3.2
<u>1963</u>							
Jan.	46.6	44.0	42.9	42.5	37.5	40.4	2.5
Feb.	45.6	44.0	40.9	-	37.5	40.4	0.5
March	44.6	43.0	40.8	-	37.2	40.1	0.7
April	43.0	41.5	41.2	-	36.1	38.9	2.3
May	43.9	41.5	41.0	-	36.9	39.7	1.3
June	44.6	42.3	42.6	-	36.8	39.7	2.9
July	44.8	42.5	40.8	-	35.5	38.3	2.5
Aug.	43.6	42.5	40.0	-	35.8	38.8	1.2
Sept.	43.0	42.5	41.0	42.0	36.7	39.6	1.4
Oct.	43.0	43.0	41.2	42.2	37.3	40.2	1.0
Nov.	43.0	44.5	44.8	44.2	38.9	41.9	2.9
Dec.	44.3	44.5	46.0	45.4	35.8	38.6	7.4
<u>1964</u>							
Jan.	47.5	44.5	46.0	-	35.4	38.2	7.8
Feb.	47.5	46.5	46.0	-	35.5	38.3	7.7
March	47.5	46.5	44.4	-	33.8	36.5	7.9
April	48.0	46.5	44.0	-	33.6	36.3	7.7
May	48.3	46.7	44.0	-	34.3	37.1	6.9
June	47.6	47.0	42.0	-	34.0	36.8	5.2
July	46.0	47.0	41.1	-	33.8	36.5	4.6
Aug.	44.9	46.3	40.9	-	33.9	36.6	4.3
Sept.	44.1	43.5	41.0	-	33.9	36.5	4.5
Oct.	44.3	42.8	40.1	41.9	33.8	36.4	3.7
Nov.	46.0	44.4	41.1	44.4	34.5(a)	37.3	3.8
Dec.	46.0	44.0	42.1	44.4	36.8(a)	39.7	2.4

Source: Canada Dept. of Agriculture, Economics Branch and U.S.D.A.
Dairy and Poultry Market News, Chicago, Illinois

(a) Preliminary

Table 19

Prices of Live Heavy Weight Turkeys, at Four Selected Markets
in Canada, and in the San Joaquin Valley, California, U.S.A.,
by Months, 1957-59 and 1962-64

Live No. 1 to Producer					California, Heavy Type		London minus
<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>		<u>Young Toms</u>		<u>California</u>
					U.S.	Can.	Can.
					¢/lb.	¢/lb.	¢/lb.
<u>1957</u>							
Jan.	28	-	29	29-30	26.5	25.5	3.5
Feb.	-	-	28	27	-	-	-
March	-	-	28	27-28	-	-	-
April	-	-	28	27-28	-	-	-
May	-	-	30	-	21.9	20.9	9.1
June	-	-	30	-	19.8	18.9	11.1
July	-	-	-	-	17.2	16.4	-
Aug.	-	-	27	-	20.4	19.3	7.7
Sept.	-	-	27-28	27	20.4	19.6	7.9
Oct.	27	26	28	27	18.7	18.0	10.0
Nov.	27	26	26	26-27	19.5	18.8	7.2
Dec.	28	23	27	27-28	19.2	18.8	8.2
<u>1958</u>							
Jan.	28	23	27	-	19.1	18.8	8.2
Feb.	28	23	28	-	-	-	-
March	28	-	28	-	-	-	-
April	28	-	30-32	-	-	-	-
May	28	-	30-32	-	24.1	23.3	7.7
June	30-33	-	-	-	22.2	21.4	-
July	30-33	-	34	-	21.4	20.5	13.5
Aug.	33-35	-	34	-	22.3	21.5	12.5
Sept.	33-35	-	31-32	-	19.7	19.2	12.3
Oct.	29-30	-	27-28	28-31	20.0	19.4	8.1
Nov.	27	-	26-27	27-28	19.0	18.4	8.1
Dec.	26-27	-	25-26	26-27	21.1	20.4	5.1
<u>1959</u>							
Jan.	27-28	-	25-26	27-29	24.2	23.4	2.1
Feb.	-	-	28	-	-	-	-
March	-	-	27-29	-	-	-	-
April	-	-	-	-	-	-	-
May	-	-	26-28	-	22.6	21.8	5.2
June	-	-	26-28	-	25.4	24.4	2.6
July	-	-	24-25	-	23.6	22.6	1.9
Aug.	22-25	-	20-21	22-24	20.5	19.6	0.9
Sept.	19-20	-	19-20	22	21.6	20.6	- 1.1
Oct.	18-20	-	19-20	21	22.2	21.0	- 1.5
Nov.	20	-	20-21	20	26.0	24.7	- 4.2
Dec.	22½	-	22-23	23-24	31.2	29.7	- 7.2

Table 19
(Cont'd)

<u>Live No. 1 to Producer</u>					<u>California, Heavy Type Young Toms</u>		<u>London minus California</u>
<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>		<u>U.S.</u>	<u>Can.</u>	<u>Can.</u>
cents per pound					¢/lb.	¢/lb.	¢/lb.
<u>1962</u>							
Jan.	22-23	-	23-24	-	-	-	-
Feb.	22-23	-	-	-	-	-	-
March	23	-	24	-	-	-	-
April	23-24	-	25	-	19.2	20.2	4.8
May	26-27	-	25-26	-	18.3	19.8	5.7
June	26-26½	-	26	-	17.7	19.3	6.7
July	28	-	26-27	-	18.3	19.7	6.8
Aug.	29-32	-	25	27	18.0	19.4	5.6
Sept.	28-30	27	25-26	26-27	19.0	20.5	5.0
Oct.	26-29	24-25	26	25½-26	20.2	21.7	4.3
Nov.	25	22	24	25-25½	21.0	22.6	1.4
Dec.	25-26	22	24	25-25½	20.7	22.3	1.7
<u>1963</u>							
Jan.	24-26	23-24	23	24-25	21.4	23.0	0.0
Feb.	24-26	23-24	23	-	23.0	24.8	- 1.8
March	24-26	23-24	23	-	22.4	24.1	- 1.1
April	23-26	-	23	-	20.5	22.1	0.9
May	23-26	-	23	-	20.6	22.2	0.8
June	24-26	-	23	-	22.9	24.7	- 1.7
July	25-26	-	24-25	-	19.9	21.5	3.0
Aug.	24-26	21	22-23	-	19.1	20.7	1.8
Sept.	24	21-22	23	-	20.5	22.1	0.9
Oct.	24-24½	21-22	23	24	21.3	23.0	0.0
Nov.	24-24½	21½	22-23	24	22.1	23.8	- 1.3
Dec.	24-24½	21½	24	24	21.2	22.9	1.1
<u>1964</u>							
Jan.	25-26	21½	24-25	-	20.7	22.4	2.1
Feb.	26	-	27-28	-	-	-	-
March	26	-	28	-	21.0	22.7	5.3
April	26	-	28	-	21.1	22.8	5.2
May	26	-	29	-	22.0	23.8	5.2
June	30	-	31-33	-	20.1	21.7	10.3
July	28-30	-	28-30	-	19.1	20.7	8.3
Aug.	27	26	25	25-26	19.4	20.9	4.1
Sept.	26	23-24	25	25-26	19.5	21.0	4.0
Oct.	25-26	23-23½	23½-24	25-26	-	-	-
Nov.	26	23-23½	23½-24	25-26	-	-	-
Dec.	26	23½-24	24	26	-	-	-

Source: Canada Dept. of Agriculture, Annual Poultry Market Review
and U.S.D.A., Poultry and Egg Situation

Table 20

Prices of Eviscerated Heavy Weight Turkeys, Grade A, Wholesale
to Retail, at Four Selected Markets in Canada and
Chicago, Illinois, U.S.A., by Months,
1957-59 and 1962-64

	<u>Loose Pack</u>				Chicago, Std. Pack, Ready- to-cook Toms, 22-24 lbs.		London minus Chicago
	<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>	U.S.	Can.	Can.
		cents per pound			¢/lb.	¢/lb.	¢/lb.
<u>1957</u>							
Jan.	52.0	48.0	-	47.0	41.6	40.0	-
Feb.	52.0	48.0	-	-	39.8	38.1	-
March	52.4	48.8	-	-	39.8	38.1	-
April	53.0	49.0	-	-	38.8	37.2	-
May	49.2	49.0	-	-	39.4	37.7	-
June	48.8	49.0	-	-	37.1	35.4	-
July	49.0	49.0	-	-	35.1	33.4	-
Aug.	49.0	49.0	42.8	-	35.1	33.3	9.5
Sept.	48.0	47.0	43.9	46.0	34.9	33.5	10.4
Oct.	48.5	46.2	44.4	45.4	34.9	33.7	10.7
Nov.	50.2	44.0	44.3	43.9	35.5	34.2	10.1
Dec.	51.0	44.0	44.7	44.5	36.1	35.3	9.4
<u>1958</u>							
Jan.	52.1	44.0	44.8	-	34.6	34.1	10.7
Feb.	52.0	45.1	45.0	-	34.8	34.1	10.9
March	51.8	48.5	46.0	-	35.3	34.5	11.5
April	52.8	48.5	47.0	-	37.6	36.5	10.5
May	55.0	48.5	47.0	-	39.1	37.8	9.2
June	59.0	48.5	53.0	-	39.2	37.7	15.3
July	62.0	48.5	50.5	-	38.3	36.8	13.7
Aug.	62.0	51.2	51.9	-	38.1	36.8	15.1
Sept.	56.2	53.0	46.4	-	37.2	36.3	10.1
Oct.	49.8	53.0	44.7	44.2	37.1	36.0	8.7
Nov.	47.9	47.8	44.0	42.8	35.5	34.4	9.6
Dec.	45.9	46.5	46.9	41.6	36.2	34.9	12.0
<u>1959</u>							
Jan.	46.0	46.5	47.8	-	38.1	36.8	11.0
Feb.	49.2	46.5	46.9	-	39.5	38.5	8.4
March	50.0	46.5	46.5	-	39.3	38.1	8.4
April	50.0	47.0	42.9	-	39.0	37.6	5.3
May	48.5	47.0	42.8	-	40.4	38.9	3.9
June	48.5	47.0	41.1	-	43.5	41.7	- 0.6
July	48.5	45.5	38.2	-	42.0	40.2	- 2.0
Aug.	47.0	45.0	35.6	-	37.5	35.8	- 0.2
Sept.	38.1	-	34.2	-	38.2	36.4	- 2.2
Oct.	38.4	37.0	34.2	34.0	37.8	35.8	- 1.6
Nov.	37.8	37.0	34.9	35.8	42.1	40.0	- 5.1
Dec.	42.2	37.0	38.5	39.3	46.1	43.9	- 5.3

Table 20
(Cont'd)

<u>Standard Box Pack</u>					<u>Chicago, Std. Pack, Ready- to-cook Toms, 22-24 lbs.</u>		<u>London minus Chicago</u>
<u>Vancouver</u>	<u>Winnipeg</u>	<u>London</u>	<u>Montreal</u>		<u>U.S. ¢/lb.</u>	<u>Can. ¢/lb.</u>	<u>Can. ¢/lb.</u>
cents per pound							
<u>1962</u>							
Jan.	39.8	39.0	38.4	-	31.2	32.6	5.8
Feb.	40.4	39.0	37.7	-	31.4	32.9	4.8
March	41.9	39.0	37.9	-	32.6	34.2	3.7
April	42.9	39.0	40.6	-	33.8	35.5	5.1
May	45.0	43.0	40.7	-	34.0	36.8	3.9
June	45.3	43.0	40.0	-	33.6	36.6	3.4
July	46.9	43.6	42.9	-	33.9	36.6	6.3
Aug.	47.8	45.2	40.9	-	34.1	36.7	4.2
Sept.	46.6	43.0	40.4	40.5	34.2	36.8	3.6
Oct.	44.7	43.0	39.5	40.5	35.6	38.3	1.2
Nov.	44.0	43.0	39.4	41.0	35.5	38.2	1.2
Dec.	43.8	40.6	38.9	41.0	35.0	37.7	1.2
<u>1963</u>							
Jan.	43.5	40.0	39.0	40.0	35.1	37.8	1.2
Feb.	43.5	40.0	39.0	-	35.9	38.7	0.3
March	42.6	39.9	39.0	-	36.1	38.9	0.1
April	42.0	39.5	39.0	-	35.2	37.9	1.1
May	42.0	39.5	39.2	-	35.9	38.7	0.5
June	42.6	40.9	41.2	-	36.3	39.1	2.1
July	43.0	41.0	39.6	-	36.7	39.6	0.0
Aug.	42.4	41.0	37.5	-	36.3	39.3	- 1.8
Sept.	41.5	41.0	37.4	39.0	36.5	39.4	- 2.0
Oct.	41.5	41.1	37.5	39.0	36.9	39.8	- 2.3
Nov.	41.5	41.5	37.9	39.2	37.6	40.5	- 2.6
Dec.	42.0	41.5	39.4	40.4	37.0	39.9	- 0.5
<u>1964</u>							
Jan.	44.5	41.5	40.0	-	36.8	39.8	0.3
Feb.	46.0	45.5	45.2	-	36.8	39.7	5.5
March	46.2	46.0	46.8	-	36.2	39.1	7.7
April	46.4	46.0	47.0	-	36.0	38.9	8.1
May	48.0	48.6	49.4	-	36.3	39.2	10.2
June	50.6	52.5	52.9	-	35.9	38.8	14.1
July	48.5	52.5	45.1	-	35.9	38.8	6.3
Aug.	45.0	50.6	41.3	-	36.2	39.0	2.2
Sept.	44.1	43.0	40.5	-	36.1	38.8	1.7
Oct.	43.5	40.7	38.5	40.5	35.8	38.5	0.1
Nov.	44.5	41.0	38.6	41.2	36.0(a)	38.9	- 0.3
Dec.	44.5	42.5	40.4	42.8	33.5(a)	36.2	4.2

Source: Canada Dept. of Agriculture, Economics Branch and U.S.D.A.,
Dairy and Poultry Market News, Chicago, Illinois

(a) Preliminary

Table 21

U.S.A., Realized Cash Receipts from Marketings of
Turkeys^(a), by Regions and Selected States,
1953, 1958, 1962 and 1963

<u>Region or State</u>	<u>1953</u>	<u>1958</u>	<u>1962</u>	<u>1963</u>	<u>Per cent of 1963 Total</u>
	U.S. million dollars				per cent
<u>North Atlantic</u>	31.7	18.1	16.2	15.6	4.2
New York	7.6	3.9	3.6	2.9	0.8
Pennsylvania	10.6	7.8	7.3	7.5	2.0
7 other states	13.5	6.4	5.3	5.2	1.4
<u>East North Central</u>	41.8	44.4	52.5	55.2	14.8
Indiana	10.4	12.5	14.0	13.6	3.6
Ohio	10.6	12.3	13.2	14.8	4.0
Wisconsin	8.8	10.2	15.6	16.9	4.5
2 other states	12.0	9.4	9.7	9.9	2.7
<u>West North Central</u>	75.1	93.4	109.7	123.0	32.9
Iowa	23.9	27.9	30.5	33.1	8.9
Minnesota	28.6	38.5	48.9	54.6	14.6
Missouri	7.6	13.5	15.9	22.1	5.9
4 other states	15.0	13.5	14.5	13.2	3.5
<u>South Atlantic</u>	48.9	40.7	32.0	37.9	10.2
North Carolina	5.6	8.4	9.8	11.6	3.1
Virginia	20.9	17.7	11.5	13.4	3.6
6 other states	22.4	14.6	10.7	12.9	3.5
<u>South Central</u>	28.4	33.4	37.3	42.1	11.3
Arkansas	2.4	9.8	9.5	11.3	3.0
Texas	17.4	14.6	16.9	18.9	5.1
6 other states	8.6	9.0	10.9	11.9	3.2
<u>Western</u>	96.1	87.1	103.9	99.6	26.7
California	60.1	58.1	71.1	64.1	17.2
Oregon	11.9	6.7	6.1	7.4	2.0
Utah	9.6	11.9	14.8	14.5	3.9
8 other states	14.5	10.4	11.9	13.6	3.6
Total U.S.A.	321.8	317.3	351.6	373.3	100.0

Source: U.S.D.A., Agricultural Statistics

(a) Includes value of home consumption

Table 22

U.S.A., Production, Stocks and Domestic Disappearance of
Turkeys and Average Price Received by Farmers,
1955-64

Stocks at <u>Beginning</u>		Production			Domestic Disappearance			Av. Price Received by Farmers ¢ per lb.
		Jan.-	Sept.-	Total	Jan.-	Sept.-	Total	
		<u>Aug.</u>	<u>Dec.</u>	<u>Year</u>	<u>Aug.</u>	<u>Dec.</u>	<u>Year</u>	
		million pounds						
1955	121	188	630	818	247	571	818	29.7
1956	95	239	718	957	264	596	860	28.9
1957	162	321	713	1,034	365	625	990	24.0
1958	177	280	758	1,038	334	681	1,015	24.7
1959	162	337	786	1,123	392	701	1,092	23.4
1960	149	369	793	1,162	377	719	1,096	25.6
1961	160	527	979	1,506	471	875	1,346	20.6
1962	263	401	903	1,304	465	828	1,293	20.9
1963	203	415	926	1,341	422	834	1,256	22.0
1964	217	447	993 ^(a)	1,440	476	901 ^(a)	1,362	

Source: U.S.D.A., Poultry and Egg Situation

(a) Partly forecast

APPENDIX II

TARIFF HISTORY

Tariff Item 9a

Live poultry, n.o.p.

		<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1961, June 21	per pound	2 cts.	2 cts.	5 cts.

Previously classified under
Tariff Item 9

Poultry and game, n.o.p., not including turkeys prepared by removal of the feathers, heads, and all or part of the viscera, with or without removal of the feet, but not cooked or divided into portions

1957, March 15		12½ p.c.	12½ p.c.	20 p.c.
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Previously classified under
Tariff Item Ex. 9

Poultry and game, n.o.p., not including turkeys prepared by removal of the feathers, heads, and all or part of the viscera, with or without removal of the feet, but not cooked or divided into portions

1956, June 30 (GATT)			12½ p.c.	
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Previously classified under
Tariff Item 9

Poultry and game, n.o.p.

1951, June 6 (GATT)			12½ p.c.	
1948, January 1 (GATT)			15 p.c.	
1939, January 1 (U.S. Trade Agreement)			15 p.c.	
1906, November 30		12½ p.c.	17½ p.c.	20 p.c.

Note on Import Controls

Turkeys were placed on the Import Control List effective July 17, 1957.⁽¹⁾ This action was taken under the authority of the Export and Import Permits Act⁽²⁾ and after turkeys were included for purposes of price support under Section 9 of the Agricultural Prices Support Act.⁽³⁾ Turkeys were removed from the Import Control List on August 21, 1963.⁽⁴⁾

(1) P.C. 1957-956, SOR/57-276, The Canada Gazette Part II, Vol. 91, No. 14, p. 807, July 16, 1957

(2) R.S.C., 1952, c. 3

(3) R.S.C., 1952, c. 104

(4) P.C. 1963-1256, SOR/63-320, The Canada Gazette Part II, Vol. 97, No. 17, p. 988, September 11, 1963



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